

THE WEATHER - PARIS: Wednesday, cloudy with rain. Temp. 5-10 (41-50). LONDON: Wednesday, cloudy with rain. Temp. 5-10 (41-50).

Published with The New York Times and The Washington Post PARIS, WEDNESDAY, NOVEMBER 18, 1981

Table with exchange rates for various currencies including US Dollar, British Pound, West German Mark, etc.



British Northern Ireland Secretary James Prior is escorted into Dundonald Presbyterian Church in Belfast by policemen and bodyguards. An aide holds a protective hand over Mr. Prior's head as angry mourners for the Rev. Robert Bradford jostled the minister, and some stones were thrown.

Prior Jostled by Belfast Mourners As a Protestant Backlash Swells

From Agency Dispatches BELFAST — A throng of mourners shouted "murderer" and jostled Britain's Northern Ireland Secretary James Prior on Tuesday in a swelling Protestant backlash against the assassination of the Rev. Robert Bradford, the hard-line Unionist member of Parliament.

Reagan May Ask an End to All Theater Missiles

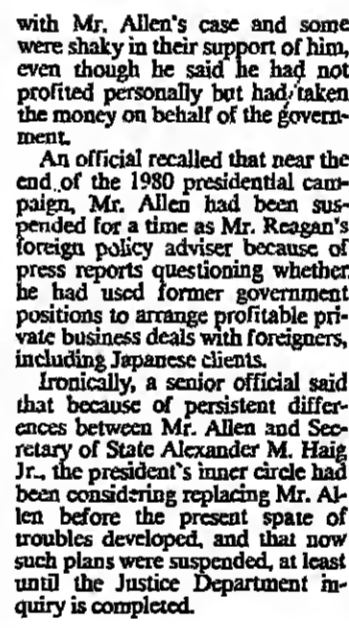
By Martin Schram and Walter Pincus WASHINGTON — President Reagan will deliver the first major foreign policy speech of his presidency Wednesday morning, on reducing the threat of limited nuclear war in Europe.

Reagan Undermined, Some Top Aides Fear

By Hedrick Smith On Mr. Allen, who was given a \$1,000 cash payment from a Japanese publication last January, the president and his top aides opposed taking action until the Justice Department completed a preliminary investigation.

Moderate Arab Leader On West Bank Is Shot

By William Claiborne RAMALLAH, Israeli-Occupied West Bank — A new phase in the struggle between radical nationalist supporters of the Palestine Liberation Organization and moderate Arabs in the West Bank appeared to have begun Tuesday with the attempted assassination of a moderate local leader and the murder of his son.



President Reagan

NEWS ANALYSIS

other senior officials have said they believe that both David A. Stockman, the director of the Office of Management and Budget, and Richard V. Allen, the president's national security adviser, should have resigned rather than let their actions tarnish Mr. Reagan's public image or damage the prospects for his policies.

Ethiopia Seizes Protestant Office; Move Could Hurt Ties With West

By Jay Ross Diplomatic sources said the message was carefully phrased not to contest Ethiopia's right to expropriate property, but asked that the process be slowed to allow for further consideration.

INSIDE Hepatitis Vaccine

The U.S. Food and Drug Administration announces approval of a vaccine against hepatitis B virus, a major cause of liver disease throughout the world. Page 5.

INSIDE Democrats Win

In Washington, House Democrats win their first major fiscal victory of the year, defeating an administration effort to make further reductions in a \$440-billion stopgap funding bill. Page 3.

INSIDE The Netherlands

The Netherlands is experiencing a period of political turbulence, complicated by economic issues. A supplement, Focus on The Netherlands, appears on pages 75-185.

INSIDE GM Campaign

General Motors has started a campaign to convince workers to "reduce or eliminate unrealistic expectations about economic gains in the forthcoming contract negotiations." Page 19.



SOVIET LEADERS MEET — Soviet President Leonid I. Brezhnev, lower right, discussing reports with Premier Nikolai A. Tikhonov, who is regarded by some as a possible successor to the 75-year-old leader, at Tuesday's Supreme Soviet session in Moscow. Politburo members Andrei Kirilenko, far left, and Mikhail A. Suslov are also in the front row. In the middle row, from left, are Supreme Soviet Vice Chairman Vasily Kuznetsov and members Mikhail Gorbachev, Arvid Pelshe and Mikhail Solomentsev. In the back row, from left, are Supreme Soviet member Grigory Romanov, Defense Minister Dmitri F. Ustinov, KGB Chief Yuri V. Andropov and Foreign Minister Andrei A. Gromyko. Story, Page 2.

Sattar Reportedly Thwarted Plan for Military Takeover

By Michael T. Kaufman Dacca, Bangladesh — Abdus Sattar, the 75-year-old judge elected president of Bangladesh, reportedly thwarted a plan by army officers during the campaign to install him as the civilian head of a military regime.

Devaluation Is Ruled Out

Dacca, Bangladesh (Reuters) — Mr. Sattar said that Bangladesh would not devalue its currency at the behest of the International Monetary Fund. The IMF announced recently that it had withheld \$1 billion in loans to Bangladesh to force the country to end deficit financing.

Too Quick on Yellow Rain

There's a serious gap between the weight of the evidence and the weight of the charges made by the State Department in the "yellow rain" affair.

Yellow rain is the term used for suspected chemical warfare in Laos and Cambodia. On the basis of four samples, the State Department is accusing the Soviet Union, through their Vietnamese allies, of using Southeast Asia as a testing ground and thus cheating on solemn international treaties.

Refugees reaching Thailand have long reported being attacked by planes dropping chemical substances, which have hitherto defied identification. The new samples of yellow rain turn out to contain four fungus-made toxins of a type known as trichothecenes. Officials say these cause itching, vomiting of blood and death within an hour.

Discovery of the new samples justifies the State Department's strongest concern and launching the most exacting scientific investigation. But to make accusations on the basis of such preliminary evidence sounds more like an attempt to indict the Russians than to understand what is happening.

By the State Department's account, one sample was obtained by Soldier of Fortune, a magazine about mercenaries. Another is said to have been furnished by the Khmer Rouge. What company is the department keeping?

Pure Science and Pure Profit

Sounds of strange anguish continue to be heard on the campus as molecular biologists try to come to terms with the wealth that genetic engineering is bringing to them and their universities.

The Massachusetts Institute of Technology faculty is in turmoil over whether to accept the conditions of a \$120 million gift to build a new biomedical research institute. The Massachusetts General Hospital has been chided by the General Accounting Office for an arrangement said to give Hoechst, the German chemical company, unduly favorable access to its biomedical research.

As in Boston, researchers elsewhere worry that the tradition of free exchange of scientific information among colleagues will be suffocated by the dictates of trade secrets.

All this agonizing misses the central point, which is one of purpose. The public supports scientists not in order that they may make themselves millionaires but so that they can discover the truth. A university scientist has as much right to become rich as any other citizen, provided that this pursuit does not conflict with his primary purpose, the better understanding of nature.

For universities the same rule applies. Let them make money from genetic engineering however seems best, whether in the form of patents or stock options or royalties — provided they can do so without compromising their intellectual detachment. What is important is that universities should continue to be a source of independent advice to society about genetic engineering in all its aspects.

Some contend that the commercialization of molecular biology will prove no different from that of other academic disciplines, such as chemistry or engineering, which have long had fruitful and uneventful ties with industry.

The Power Supply

The United States is still in a rather early stage of its adjustment to high prices for energy. But patterns of growth and use are changing in ways most people would have thought, as recently as five years ago, were impossible.

One particularly striking example is the rate at which the electric utilities generate power. For many years, up to the first sharp jump in oil costs in 1973, electric output grew consistently at about 7 percent a year.

Suddenly, expansion has become dangerous, and the major risks all lie in the possibilities of overshooting demand. Instead of designing very large generating plants, utilities have reversed the trend and are increasingly planning small ones that represent less expensive commitments to an uncertain future.

With what certainty can it assure the public that its samples are genuine? And if genuine, where is the evidence that the toxin was not produced in, say, Hanoi?

The State Department has said that trichothecene-type toxins do not occur naturally in Southeast Asia, a contention that is probably incorrect. It told a Senate committee that the symptoms caused by trichothecenes in animals match perfectly those reported by the victims of yellow rain.

The United States government has the resources to conduct methodologically significant interviews with refugees, to get its scientific facts straight and to prepare a documented case that will withstand scientific scrutiny.

The values of the marketplace have so invaded the campus that on several occasions researchers have refused to share with their colleagues the exact details of how they did their experiments.

Biologists are also a special case because it concerns the stuff of life. The pace of discovery, the fast unfolding possibilities of shaping living material in useful ways, mark this fount of knowledge apart from all others.

Biologists have already embarked on a heady campaign of invention and exploration. That long-contemplated goal of Western intellectual inquiry, the complete understanding of man as a physical-chemical system, may not now be so far distant.

Other Opinion

Kekkonen's Contribution
[President Kekkonen] made an immeasurable contribution to giving Finland a relatively great degree of security and freedom. But Kekkonen also ... played a serious role in relaxing tensions on a European and global scale.

Nov. 18: From Our Pages of 75 and 50 Years Ago

1906: Book Upsets N.Y. Clergy
NEW YORK — Mrs. Herbert Parsons, wife of the representative of New York, Mr. Herbert Parsons, and daughter of Mr. Henry Clegg, the banker, has stirred up the clergy in New York with the daring theories expressed in her new book, "The Family," in which she advocates trial marriages with divorce at will.

1931: Whitney Museum Opens
NEW YORK — The Whitney Museum of American Art, founded by Mrs. Harry Payne Whitney, known for years for her helping hand to struggling artists, to stimulate an interest in American painting and sculpture, was formally opened this evening at 10 West 8th Street.



"This Is Very Stable Sand."

Back to Basics on the Mideast

By Flora Lewis

PARIS — The Middle East is sharply dividing the West again, showing once more the lack of coherent policy. There is a danger now that the Sinai peace force to move in when the Israelis are due to move out — is falling apart even before it takes shape.

The immediate squabble is that Britain's Lord Carrington has come out in favor of Saudi Arabia's plan for a Palestinian state, and Israel says it won't accept troops from any country that takes that stand.

If the British don't go in, Australia and New Zealand may back out. France hasn't set conditions, but it won't want to be visibly on the opposite side from its Common Market partner.

Egypt objected to American troops in Sinai at first, but compromised when the multinational package was put together. It collapses, Cairo may suffer. And if President Reagan keeps finding "progress" in the Sinai that Israel exists, while the Sinai force evaporates, Prime Minister Begin may refuse to withdraw for lack of security guarantees.

Patchwork
This elaborate unraveling of the Camp David peace plan will probably be avoided by some breathless diplomatic patchwork.

Booby traps
The U.S. goal should be to get the Israelis and the PLO to agree to talk to each other, with Hussein, and for that both sides would have to change their positions.

Son of the Czar
Re: "U.S. Russian Orthodox Church Plans Canonization of Czar Stalin in 1918" (HT, Oct. 20); I was surprised to learn that the Russian Orthodox Church in New York and Bishop Gregory, secretary to the synod of bishops, are unaware that the son of Czar Nicholas is alive and living in New York.

The New Order
Your report (HT Oct. 19) about the "new order" imposed on journalism (and journalists) in Zimbabwe was sad reading. In the early 1970s, I had the privilege of working as a journalist in Kenya and later in South Africa.

Since the foundation of Israel in 1948, America has paid most of the bills to keep the refugees in camps and thus to keep illusions of return alive from generation to generation. It was a humanitarian gesture, and it is just to note that the Soviet Union, which provides weapons to the PLO, has never contributed a penny.

Meanwhile, though Egypt has regained part of Sinai, the Gaza and West Bank autonomy talks that were to have been completed before the final Israeli withdrawal have stalled. Time was lost while Western statesmen hoped for Begin's defeat in last spring's elections.

Now Sadat has gone. Begin remains, and the Arabs in the occupied territories have begun to mobilize against the very limited moves Israel is offering. The momentum has been lost.

By putting its hopes on the Saudis, the United States has moved further into the box of contradictions menacing Israel and has become more, not less, dependent on the kingdom.

Responsibilities
But joining the IMF imposes a number of responsibilities in addition to inherent rights.

Letters
Son of the Czar
Re: "U.S. Russian Orthodox Church Plans Canonization of Czar Stalin in 1918" (HT, Oct. 20); I was surprised to learn that the Russian Orthodox Church in New York and Bishop Gregory, secretary to the synod of bishops, are unaware that the son of Czar Nicholas is alive and living in New York.

'A Small Boat' Braves A Sea of Censorship

By Jonathan Power

LONDON — Jonas Jurassas, the Lithuanian theater director fired from the Kaunas State Theater for his independent-minded approach, called it "a small boat which rescued me from a stormy sea."

Index began with a letter to a newspaper. Pavel Litvinov and Pariss Daniel wrote a letter from Moscow to The Times of London to protest the trial of their fellow dissidents, Yuri Galazkov and Alexander Ginzburg.

One person who read it was the poet and critic Stephen Spender. He and his wife spent two days phoning friends and acquaintances all over the world, at the end of which they were able to cable Litvinov with a long list of supporters.

Just as 10 years previously, Peter Benenson approached David Astor, editor of The Observer, with the idea for Amnesty, Spender did the same with the suggestion of launching a magazine to keep watch on censorship, and to publish forbidden writers from all over the world.

In its first issue, Spender wrote that "the material by writers censored in Eastern Europe, Greece, South Africa and other countries is among the most exciting that is being written today."

Royalties
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Unknown Writers
No wonder that the editor of Index can say that they face "no danger of running out of material. We are far more likely to run out of funds."

Poland, Hungary and the IMF
BRUSSELS — Two Communist states, members of Comecon, have recently asked to join the International Monetary Fund and the World Bank, the very symbols — in Soviet eyes — of "capitalist economic imperialism."

By Leopold Unger
ont an understanding with the 450 private Western banks that are more and more reticent — if not clearly opposed — to postponing the reimbursement of the Polish debt, now at \$14 billion, in addition to the \$13 billion which Warsaw owes to Western governments.

Denounced by Russia
Poland was one of the founding members of the IMF in 1944, but was forced to leave the organization in 1950 under Soviet pressure.

Not Amused
I enjoy reading Flora Lewis' columns. She writes perceptively. There was, however, no need to indulge in the pejorative put-down displayed in her recent column, "After Cancun" (Oct. 27), with reference to Britain's Margaret Thatcher, who "said with her powdered smile."

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NYSE Nationwide Trading Closing Prices Nov. 17

Tables include the nationwide prices up to the closing on Wall Street.

18 Month High	18 Month Low	Stock	18 Month High	18 Month Low	Stock	18 Month High	18 Month Low	Stock	18 Month High	18 Month Low	Stock	18 Month High	18 Month Low	Stock
120.00	115.00	AAO	120.00	115.00	AAO	120.00	115.00	AAO	120.00	115.00	AAO	120.00	115.00	AAO
110.00	105.00	AAI	110.00	105.00	AAI	110.00	105.00	AAI	110.00	105.00	AAI	110.00	105.00	AAI
100.00	95.00	AAJ	100.00	95.00	AAJ	100.00	95.00	AAJ	100.00	95.00	AAJ	100.00	95.00	AAJ
90.00	85.00	AAK	90.00	85.00	AAK	90.00	85.00	AAK	90.00	85.00	AAK	90.00	85.00	AAK
80.00	75.00	AAH	80.00	75.00	AAH	80.00	75.00	AAH	80.00	75.00	AAH	80.00	75.00	AAH
70.00	65.00	AAI	70.00	65.00	AAI	70.00	65.00	AAI	70.00	65.00	AAI	70.00	65.00	AAI
60.00	55.00	AAJ	60.00	55.00	AAJ	60.00	55.00	AAJ	60.00	55.00	AAJ	60.00	55.00	AAJ
50.00	45.00	AAK	50.00	45.00	AAK	50.00	45.00	AAK	50.00	45.00	AAK	50.00	45.00	AAK
40.00	35.00	AAH	40.00	35.00	AAH	40.00	35.00	AAH	40.00	35.00	AAH	40.00	35.00	AAH
30.00	25.00	AAI	30.00	25.00	AAI	30.00	25.00	AAI	30.00	25.00	AAI	30.00	25.00	AAI
20.00	15.00	AAJ	20.00	15.00	AAJ	20.00	15.00	AAJ	20.00	15.00	AAJ	20.00	15.00	AAJ
10.00	5.00	AAK	10.00	5.00	AAK	10.00	5.00	AAK	10.00	5.00	AAK	10.00	5.00	AAK
5.00	2.00	AAH	5.00	2.00	AAH	5.00	2.00	AAH	5.00	2.00	AAH	5.00	2.00	AAH

J. J. Nicolazzo

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Focus

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THE NETHERLANDS

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At left, a snowy beach at Castricum in north Holland; above, Amsterdam's Minttower, dating from 1620, at Mint Square; top right, mounted guard waits to escort Queen Beatrix from Lange Voorhout Palace at the Hague, and, right, cyclists cross the polderland between Leiden and The Hague.



Economic Issues Predominant as Political Turbulence Intensifies

Divisions Are Deep On Spending Policy

Growing Unemployment Figure Is the Biggest Problem

By Allan Tillier

INTERNATIONAL
Herald Tribune

Published with The New York Times and The Washington Post
PARIS, NOVEMBER, 1981

By Robert Schull

AMSTERDAM — When the second Van Agt Cabinet, a center-left coalition of Christian Democrats, Labor and left-liberal Democrats '66 — as opposed to the first Van Agt Cabinet, which was a center-right coalition of Christian Democrats and conservative Liberals — finally got around to telling the lower house of parliament its intentions for the next four years, it could already lay claim to a unique position in the annals of Dutch political history.

It is the first government to have fallen before even getting as far as presenting itself to parliament. Although one previous Dutch cabinet, at the end of the 1930s, was even more short-lived, it at least had the grace to let itself be dismissed by parliament.

The news that the second Van Agt Cabinet had resigned at 4:30 a.m. on Oct. 16, just five weeks after having been sworn in, was not generally known in the Netherlands until noon that day because of a five-hour radio and television strike.

Any but the most casual observer of the Dutch scene must have been struck by the fact that the two occurrences were wholly out of character. More than one commentator was led to wonder whether the country had become not only an exporter of various Dutch diseases — Hollanditis being the most recent — but also an importer of Belgian and Italian diseases.

Although the coincidence of the political crisis and the broadcasting strike was purely fortuitous, both events did have a common denominator: jobs.

The broadcasters went on strike because

they felt the networks were not using a 2-percent cut in salary to create jobs, as had been agreed. And the Cabinet resigned because of a clash over ways and means to finance an ambitious scheme to create jobs put forward by the social affairs minister, Joop den Uyl, who is also the leader of the Labor Party.

As in most other West European countries, soaring unemployment is the greatest headache facing the government, against a background of deepening economic gloom. The official unemployment figure is rapidly approaching the ominous half-a-million mark, which will mean that one out of 10 members of the working population will be unemployed.

Yet the fall of the Cabinet over this issue came as a surprise — partly because it ruffled the democratic Dutch that the crisis should occur before the government even got as far as parliament, which has been cooling its heels since the May 26 elections, but also because observers were intently watching another time bomb tick away under the coalition: the sifting of Cruise and Pershing-2 missiles on Dutch soil.

Marriage of Convenience

If ever there was a political marriage of convenience, it is the union of Christian Democrats and Labor in the present coalition. In fact, getting the two parties' leaders, Mr. Den Uyl and the Christian Democrat Premier Andries Van Agt, together in one cabinet holds all the promise of a shotgun wedding.

The Dutch political scene is dominated by four political parties. The largest after the May 26 elections, with 48 seats in the 150-seat lower house, is the Christian Democrat Appeal (CDA), which is a fusion of two Protestant and a Catholic party. In size, the CDA is followed by the Labor Party with 44 seats. Third is the rightist Liberal Party (VVD), which plays the role of conservative party by Dutch standards, with 26 seats. The fourth party is a relative newcomer, set up as its name indicates in 1966, the Democrats '66, a party with mainly left-liberal inclinations that projects itself as the "reasonable alternative," presumably to people who find Labor too far left for their liking and the Liberals too conservative. D'66, as the party is usually known, has 17 seats in the lower house, and as a political phenomenon has been likened to the Social Democratic Party in Britain.

This image is enhanced by the Democrats' resounding election victory in May. It was the only major party to win, leaping ahead from eight seats to its present 17. The Christian Democrats lost one seat, Labor nine — presumably to D'66 — and the Liberals two seats.

End of Majority

The Christian Democrat and Liberal losses meant the end of their thin but surprisingly viable two-seat majority in the lower house, which had kept the center-right coalition alive for its full four-year term of office.

This situation placed Mr. Van Agt in a peculiar dilemma. He would personally have continued his alliance with the Liberals, but although the premier remains through his grass-roots electoral appeal his party's undisputed leader, a majority of CDA members of parliament were relieved that the election outcome left the Christian Democrats no option but to attempt to form an alliance with



Andries Van Agt



Joop den Uyl

Labor. This lack of options was dictated by D'66, which had committed itself not to enter into a coalition with the Liberals, a stand it may have regretted when the crisis broke out and it found itself siding with the CDA ministers against Mr. Den Uyl and his Labor colleagues.

Jan Terlouw, the D'66 leader who is second vice premier and economics minister, found himself with restricted powers after Mr. Den Uyl managed to set himself up as a sort of super-minister for social affairs with sweeping powers where all aspects of the unemployment problem were concerned. Mr. Terlouw is known to favor industrial innovation as the long-term solution to the country's economic problems, particularly when natural gas — the

(Continued on Page 95)

THE HAGUE — Deep differences over how to run the economy lie behind the Dutch political crisis. The warring parties found it relatively easy within their short-lived coalition to postpone awkward decisions on Cruise missiles on Dutch soil and whether the country should invest in a massive nuclear energy program as insurance against dwindling gas supplies. But they could not reach a consensus or compromise on whether to run a tight ship in monetary terms or pursue a reflationary policy. The basic differences between right and left over how much money should be spent on alleviating unemployment brought down the coalition in October and left Dutchmen of all shades wondering just what the politicians were doing.

Christian Democrat Premier Andries Van Agt preached discipline — lower government spending, a cutback on welfare, a lower public borrowing requirement and, above all, priority for a restoration of companies' profitability. This, the Conservative leader proclaimed, was the way to tackle the problem of unemployment, expected to rise to close to half a million next year, well over 10 percent of the labor force. Joop Den Uyl, the Socialist leader, wanted \$1.5 billion to be spent on an emergency job program. This, in turn, meant a continuation of the kind of budget deficit the Netherlands has experienced in the recent past.

The Dutch have been trying to put their equivalents of Margaret Thatcher and Tony Blair, to name but one example, onto a Dutch tandem like.

The policy and personality clashes that brought down the second Van Agt government — the first time he had ruled with the rightist Liberals — touched upon the so-called Dutch disease or the alleged squandering of natural gas revenue on consumption. Put another way: Should the money go into the modernization of Dutch industry or toward material well-being, notably relief for the unemployed? The first choice seems to be gaining ground and has the support of the increasingly important D'66 center party.

The policy of the first Van Agt government was to safeguard the

Dutch gas reserves in the North Sea and import large quantities from other gas producing nations. Imports have not materialized because of feuding among gas producers over pricing. There is strong pressure in the Netherlands to pump more home gas for home use. Gas is the central economic topic. A country previously based on agriculture and trade has 10 to 20 years (the estimated life of reserves) to create the economy of the future. The other topic is whether Dutch affluence is dead. Critics say that it has been dead for a few years. Others, like Peter Oosthuizen, international director of the major Amro bank, stated categorically: "The economy is still buoyant."

Spending Ton Much

Affluence dead? Dutch tourists still crowd the highways of Western Europe throughout the summer as they head for their foreign residences. A Dutch leader in a European bicycle race is guaranteed to "flush out" the Dutch from their farms and villas. The strong guildler policy of the central bank is likely to reduce what has become a very serious tourist imbalance. Amsterdam seems full of tourists throughout the year, but the average Dutchman has been spending too much abroad in the eyes of treasury officials.

The outsider has a feeling of well-being in the Netherlands. The unemployment figures are high, but much of unemployment is disguised in the form of generous disability pensions, another Dutch disease. You tell your doctor that you are about to be fired and he signs a paper saying that physically or mentally you are unfit for work. The high cost of living is balanced by this super welfare system. The new government will have to have to make changes or, better, revise the structure of benefits.

The big banks look at the situation with a wary eye. At ABN, the

(Continued on Page 135)

Reoriented Space Program Approaches a Turning Point

By Judith Burt

AMSTERDAM — Late next August, if all goes according to schedule, the Dutch will send into orbit their second national satellite, IRAS, which will make a celestial map of the sources of infrared radiation in space.

IRAS, for Infra-Red Astronomical Satellite, marks a turning point for the Dutch space program. Last summer, in a significant policy change, the government decided that IRAS would be the last national program for at least the next five years and that the Dutch would concentrate their space efforts within the European Space Agency.

The Dutch originally became involved in space in the 1960s. Although as a small country they were unable to develop a large national program, like that in France, they felt that, with their strong aeronautical and electronics industries, represented by Fokker and Philips, respectively, and with their highly competent astronauts, they were well-situated to enter the space field. The Dutch also realized that without this involvement their industries would not acquire the technical know-how to compete internationally and that their scientists would be severely handicapped.

"Our interest stemmed from the fact that we saw this as a stepping stone for industry to build up their knowledge in the space sector. If you don't have the knowledge, you can't compete. But we needed first to do our homework before going on the international market," said R.F. de Bruine, director of research and development in the Ministry of Economic Affairs. He added that the technical knowledge of industry "is now competitive."

As a result, the government, in a policy memorandum last

summer, decided to reorient its space program toward international cooperative ventures, especially within ESA, and toward developing application — such as telecommunications and Earth observation — satellites rather than scientific ones. It has budgeted approximately 100 million guilders a year during the next five years for space. In 1982, 80 percent of this will go to ESA, and 20 percent to national programs, according to Mr. de Bruine.

"This is a major policy shift," said Dr. Peter Timócmans, head of the Division of Industry-Oriented Research in the Ministry of Education. "We decided that it is no longer feasible to make our own satellites and we have, therefore, chosen for a much more intense involvement in ESA."

The Dutch, Mr. de Bruine noted, have such a small market that international cooperation is imperative. "As a developed country it is an area which you can't miss," he said, because of the spillover effects on the economy and on technology. But, he added, "we can't cover the whole field and we have to be selective in what we do and don't do." The government's aims, he added, are long-term and include a desire to see a greater involvement in commercial space projects.

Pillars of Effort

The policy change is not without its critics in industry, who find themselves confronted with stiff competition to win ESA's lucrative contracts on satellite systems. "We found we could not afford not to get into space," said Pieter van Ootelo, coordinator of space activities for Hollandes Signaalapparaten of Philips, but at the same time, "we cannot earn money in space."

Philips, he said, rarely becomes a prime contractor for an ESA program. "Which means you inevitably lose capabilities that you gain on large projects, and in order to get contracts you must show a capability."

The two pillars of the Dutch space effort, Philips and Fokker, both private companies, became involved in space in the 1960s and turned to the government for help. They felt that only a national program in which they would be the prime contractors for a satellite system would enable them to acquire technical competence in the field. Under prodding from them and from Dutch astronomers, the government in 1968 embarked on its first national project, the Astronomical Netherlands Satellite (ANS).

ANS was developed by a Fokker-Philips consortium under the supervision of the Netherlands Agency for Aerospace Programs (NIVR), a semi-governmental agency. It was launched in 1974, making the Netherlands the 11th country to have a satellite. During its two-year life span, it acquired data on cosmic X-rays and ultraviolet sources in space that are still being studied by astronomers.

The ANS and IRAS programs gave a substantial boost to the Fokker and Philips efforts although both companies only devote a small portion of their budget and staff to space-related activities. At Philips, space research and development is spread over three divisions: Hollandes Signaalapparaten (Signal), Philips' Telecommunicatie Industrie and Electro-Acoustics Division, with Signal having the greater share. Most of Philips' work is in developing complex electronic satellite components and subsystems, such as light-weight on-

(Continued on Page 155)

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And it also makes sense to stay here. Rotterdam is a trading city, with 500 years experience. There's a sophisticated infrastructure, with efficient transport systems and plenty of office-space, warehouses, factories and serviced sites.

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Above all there's the people. They're friendly, adaptable, well-educated, hard working and so thoroughly accustomed to international companies that you can do all your business in English if you wish.

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Shipyards Set for Calmer Waters

By Charles Batchelor

AMSTERDAM — The Dutch shipbuilding industry now seems set to sail into calmer waters after the battering of the past few years. Much leaner than at the start of the 1970s, shipbuilders are now confident of their ability to defend their position in world markets.

Dutch yards delivered 240,000 compensated gross registered tons (adjusted to take into account the amount of work involved) in 1980, just over half the amount in 1979. But new orders rose to 326,000 tons from 280,000 tons. This was achieved with a workforce of 34,400 — 1,400 fewer than in 1980 and 16,200 fewer than in the peak year of 1973. In October, 1981, Dutch yards were working on orders for 478,000 tons of new shipping, 13 percent more than 12 months earlier.

Despite the improvement in the Dutch shippers' order books, many problems remain. Wage rates are still very high compared with foreign competitors. The firmness of the guilder makes it difficult to compete with foreign yards billing in dollars while interest rates in the Netherlands push up financing costs. Many yards are still forced to accept unprofitable orders simply to keep their workers occupied until the upturn comes.

Nevertheless, some measure of the government's optimism that the worst is over can be seen from the proposal to gradually reduce state aid. After pouring more than \$400 million into supporting the yards in the late 1970s, the government abruptly changed tactics last year. The volume of aid has been cut and fundamental changes made in the way it is granted. Shipbuilding capacity has been reduced by half in the space of just four years. After initial reluctance, the Dutch yards have given up the struggle to keep a foot hold in the market for really large vessels. Yards once capable of turning out 300,000 deadweight ton (dwt) tankers have been closed and the largest vessel which could be built is 80,000 dwt.

The main criticism was that aid only went to the loss-making yards. Many, which by their own efforts were just profitable, received no help. The government paid 75 percent of any losses the shipyards the rest. The scheme, which replaced this in January, 1980, attempts to reward success. A yard may now claim subsidies amounting to 10 percent of its average turnover in the previous three years. The amount of aid increases with the size of the order — rising from 1.5 percent on an order worth \$5 million guilders to 15 percent on orders worth \$15 million guilders or more. This system is intended to give yards an incentive to sign new orders and make management feel they are more closely involved in the battle for profits. Since the aid is available to any yard there is less distortion of competition.

Cebosine has welcomed these changes in the aid system. One weakness though, is the requirement that individual vessels covered by the scheme must be worth at least \$5 million guilders each. The Akerboom shipyard, of Leiden, was recently forced to share a \$20 million order from Nigeria with a subsidized West German company. The eight ships on order were too small to qualify for aid in the Netherlands.

Dutch yards are often able to make otherwise competitive bids, which fall down because the financial conditions are not right. The Dutch government does offer interest rate subsidies at levels agreed by the Organization for Economic Cooperation and Development (OECD), but interest levels have been so high that they provide little relief.

Holland American Line (HAL) ordered two large passenger liners from a Dutch shipyard a year ago. The government would like to wind down its subsidies over the next three years and a start has already been made. It also wants to stop providing separate interest rate subsidies and include these in the general support arrangement.

Optimism that the industry will soon be able to stand on its own feet is based on forecasts produced by the Association of West European Shipbuilders (AWES) that demand for new vessels will increase after 1983. By 1987, demand should be at levels prevailing before the shipbuilding slump in the mid 1970s.

The Netherlands' share in this upturn will depend on its ability to build specialized vessels requiring a high degree of expertise and research, Cebosine said in its latest two-year review.

Three large companies will spearhead the country's shipbuilding effort in the 1980's: Rijn-Schelde-Verolme (RSV), with 1980 turnover of 2.4 billion guilders, has undergone the most radical reorganization, shutting down its largest yards and placing 43 percent of its shares in the hands of the government in part return for 450 million guilders worth of aid. RSV has also simplified the management structure, which had emerged rather haphazardly from years of merger activity.

Unfortunately for RSV, no sooner had it solved the problems of its shipbuilding divisions, it ran into difficulties on the engineering side. A number of projects to supply power-generating equipment to Algeria will produce large losses.

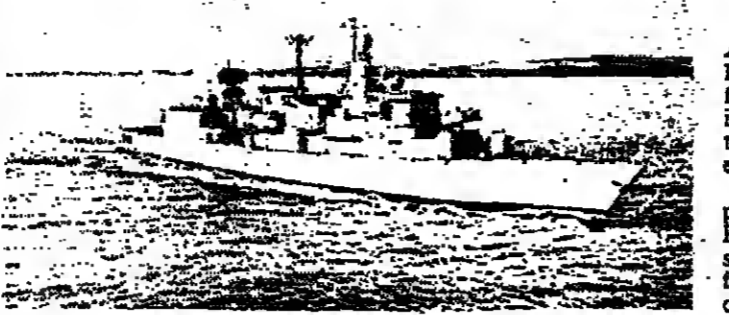
The most consistently profitable part of RSV's activities has been its naval division, building frigates, corvettes and submarines. RSV caused a diplomatic uproar when it negotiated the sale of two advanced "Swordfish" class submarines to Taiwan — the first time the Taipei government had placed an order for large-scale modern armaments in Western Europe.

Van der Giessen-de Noord, a company with a 1980 turnover of \$229 million guilders, is also engaged in an advanced naval order.

The restructuring program for the industry got under way in 1977. The yards were divided into five categories: the large capacity yards — in effect, the Rotterdam-based Rijn-Schelde-Verolme (RSV) group; the medium-sized yards; specialist yards grouped around IHC, which builds dredgers; 12 smaller yards along the Rhine and some 20 yards on the northern coast.

The commission set up to direct the restructuring program encouraged unprofitable yards to merge or close down and persuaded others to cooperate in areas such as export marketing. With the exception of the profitable naval shipbuilding yards, capacity was reduced in all five categories.

But the success achieved was only limited, a parliamentary committee concluded in 1979. The position of many yards was still critical and a lack of coordination meant that the shipbuilders often did not know how to apply for aid. Controls on how the money was being spent were inadequate.



HMS Kortenaar, navy frigate built by Rijn-Schelde-Verolme.

The Options Exchange Venture

By Victoria English

AMSTERDAM — Supporters say that it is an example of Dutch courage. Critics label it a folly. But traders who make a living from it say that it works, although on a smaller scale than was envisioned.

They are talking about the European Options Exchange (EOE), Europe's first venture into traded stock options, which began nearly four years ago as a bid to cash in on a business that had been so successful in the United States. From the beginning, the EOE had an ambitious concept. This was to create an international market where share options denominated in several European currencies as well as the U.S. dollar could be traded on the floor of a single exchange using English as a common language.

Today, the problem of nationalism haunts the EOE and means that the exchange is still a long way from fulfilling its original goal of becoming a genuinely European market. But if there were any doubts about the survival of the institution itself, these have largely been put to rest.

This is because the EOE is playing an increasingly important role in generating business for the Amsterdam Stock Exchange, its founder.

Operating Subsidies

In return, the stock exchange provides the EOE with operating subsidies and absorbs its net losses. This year, the EOE will receive 800,000 guilders in subsidies, but the exchange expects its net result to show an improvement from the previous two years. In 1979, net losses exceeded 4 million guilders, after subsidies. In 1980, net losses were 203,000 guilders, after subsidies.

In the first nine months of this year, however, the EOE had a net profit of 100,000 guilders, against an anticipated loss for the same period of 750,000 guilders. "These results don't mean that we will show a profit for the year as a whole," said IJerk Westerterp, the EOE's general manager. "But it does illustrate that this market is viable and that we will carry on in the future."

Nationalism remains a problem for the EOE. This was first manifested in a decision by the London Stock Exchange to open a competing market in options less than three weeks after the EOE's inauguration in April, 1978. Problems for the EOE mounted when the Banque de France issued a ruling effectively declaring French options off limits for French residents. Nationalism is further illustrated in the reluctance of the big West German banks to actively participate on the EOE, members believe.

As a result, most of the stock options listed on the EOE are Dutch, leaving only eight U.S., five West German and one Belgium



Insurance Firms in New Round of Foreign Takeovers

By Bruce Barnard

AMSTERDAM — Dutch insurance companies have embarked on another round of foreign takeovers that will push their total spending abroad, since 1978, to over \$900 million, most of it in the United States.

The latest entrant into the foreign market is AGO, Holland's largest mutual insurer, which recently launched a bid for control of Life Investors of Cedar Rapids, Iowa, in the face of fierce opposition from the American company's management.

AGO spent \$148 million in the past three years, building up a 42 percent stake in Life Investors, which had premium and investment income of \$295 million in 1980. AGO's purchase of Life Investors stock had the full backing of the American management, but when it announced, in September, plans to buy a further 1.5 million shares for \$51 million to take a controlling 56 percent stake, the Life Investors' management challenged the bid despite its acceptance by holders of 2 million shares.

Life Investors' management has fought the bid through the Iowa state insurance commissioner and five district and state courts that have all ruled in AGO's favor. An appeal was pending, late October, to a Minnesota federal court.

Ran Into Trouble

Ennia, the Netherlands' third largest insurer with a 1980 premium income of 1.57 billion guilders, also ran into trouble with its \$144 million bid for the National Old Line Insurance Company of Little Rock, Arkansas. Ennia had reached an agreement with holders of 66 percent of the group's voting stock, but holders of the non-voting shares objected because they were offered only \$26.75 per share against \$80 for the voting shares. New terms were agreed recently giving non-voting shareholders a larger share of the total bid.

These small events are unlikely to dampen the enthusiasm of Dutch insurers who have been scouring the market for well managed and profitable medium-sized foreign companies, preferably in the United States, because they have outgrown the stagnant domestic market and are keen to spread their risks.

The home market is characterized by a high level of competition, with 14 million Dutch consumers being served by 61 life companies and 828 non-life offices. There is little scope for the larger companies to increase their share of business — Nationale Nederlanden and Ameer dominate the Dutch insurance sector for about 75 percent of life premiums and 70 percent of non-life premiums.

The domestic market is also slowing down after a decade of steady growth that boosted companies' profits and provided them with large cash reserves to buy into foreign insurers. The economic slowdown has squeezed margins in the life business. Non-life business is harder to come by and the collapse of the real estate market in the past two years has reduced opportunities for mortgage-linked policies. Non-life business, which provided most of the growth in the past five years, has also run out of steam because of increased competition.

Flush With Cash

Flush with cash from the good years, Dutch insurers have been able to maintain premium income and earnings by coming down on profitable operations elsewhere. Nationale Nederlanden, the top Dutch insurance group with premium income of 6.1 billion guilders last year, set the pace for the other companies with a hotly contested bid of \$330 million in 1979 for Life Insurance of Georgia in the United States.

Earlier this year, Nationale Nederlanden fought off two rival bidders to take a 50-percent stake in Mercantile Mutual Holdings of Sydney for 46 million Australian dollars. Nationale Nederlanden was able to swallow the acquisition costs with relative ease because its net profits grew from 155 million guilders to 356 million guilders between 1975 and 1980.

Ameer, ranked second in the Netherlands with a 1980 premium income of 2.2 billion guilders, paid \$134 million last year for Interfinancial Insurance of the United States to add to a list of foreign acquisitions that include Time Insurance of the United States in 1978, Gresham Life Assurance of the United Kingdom in 1979 and United Dominions Trust (Australia) a year later. The Interfinancial acquisition is likely to be Ameer's last foreign purchase for some time because the price paid represented about 36 percent of the company's stock market capitalization.

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Political Turbulence Intensifies

(Continued from Page 75)

Netherlands' only natural resource, which was mainly used to turn the country into something of a social welfare paradise — runs out in a decade or so.

But with the emphasis laid on Mr. Den Uyl's scheme, Mr. Terlouw will have few government funds left to initiate developments in this direction, although many observers feel that the Terlouw view may prove to be the more far-sighted one as regards the country's long-term employment prospects and, perhaps unfairly, see Mr. Den Uyl's project as a short-term, stopgap crash program of greater potential benefit to Labor's sagging electoral fortunes than to the unemployment problem.

The compromise that, after nearly three weeks of negotiations led by economics professors, both members of the Labor Party, finally saved the second Van Agt Cabinet from being stillborn has satisfied no one, least of all the electorate. In the pact originally agreed on by the three coalition partners it was pledged that there would be no further increase in taxation, while now, albeit in roundabout ways, a further burden, which will provide the finance for Mr. Den Uyl's employment scheme, has been placed on the shoulders of the shrinking working population.

With the steady erosion of purchasing power — it is estimated that the lowest paid will lose another 1.2 percent in 1982 — during the last few years, people are already finding it impossible to make ends meet.

Under the circumstances, it is hardly surprising that the coalition partners felt they had little choice but to strive for a continuation of the present government, because none of them, with the exception of D'66, would have benefited at this point by the only alternative, new elections.

Bidding His Time
So far the time being Mr. Van Agt and Mr. Den Uyl will have to put up with each other. But there is a suspicion that Mr. Van Agt is biding his time. The premier has been surprisingly unobtrusive, almost to the point of reticence, since the new Cabinet was sworn in on Sept. 11, while Mr. Den Uyl has been tenaciously prominent at the center of the crisis.

Mr. Van Agt's fondest dream must be to see the coalition come apart in the not too distant future under circumstances that would put the blame squarely on Labor's shoulders. He would then probably go for a snap election in which he could hope to win a few seats, but probably even more so his former Liberal allies, who could hope to reap the benefits of their present opposition role.

One problem facing the Cabinet on which Mr. Van Agt will not attempt to force the issue is the delicate matter of the siting of 48 ou-

clear missiles on Dutch soil in the framework of NATO's modernization scheme.

Mr. Van Agt is personally probably not opposed to the siting but this would go contrary to popular sentiment in the country, where a powerful peace lobby actively operates.

None of the three coalition partners has come out in support of the siting. The Christian Democrats are noncommittal and want to defer any decision. Labor is adamantly opposed, while D'66 is opposed "under the present circumstances," which means that it will only reconsider if talks with the Soviet Union, scheduled to start in Geneva at the end of the month, lead nowhere.

The fact that these talks are only getting under way nearly two years after the NATO decision in December, 1979, to modernize theater nuclear weapons has given the

Dutch government an excuse to defer its decision on the siting. It told its allies in December, 1979, that it would make such a decision by the end of 1981 but with the proviso that it would do so in the light of progress made in the talks with the Soviet Union.

Both Max van der Stoep, the foreign minister, during his recent visit to Washington, and Defense Minister Hans van Mierlo, one of D'66's founding members, during the NATO nuclear planning group meeting in Scotland in October, have been at pains to explain to allies, and the United States in particular, that the Dutch are not anti-American or neutralist, and that they do not suffer from Hollanditis. And not without result. Washington seems to have grudgingly accepted deferment of the Dutch decision and will probably refrain from putting too much strain on the reunited coalition.

Nation Continues to Draw Investment From the U.S.

By Alan Tillier

THE HAGUE — The Dutch are the major foreign investors in the United States, and the United States continues to be the country most interested in setting up new plants in the Netherlands.

With investment incentives slowly being brought into line among West European countries, the Dutch are offering potential investors a "package" made up of good labor relations, high productivity and an intelligent work force capable of producing quality goods. They have argued that these factors outweigh high Dutch labor costs — or the myth of high labor costs. Industrial unit costs have been falling due to an incomes policy that has temporarily dropped full-scale price-wage indexation. There is also a realization among large sectors of the working force that it is dangerous for jobs to push for the automatic rises of the past.

A.J.M. Webers, the government's foreign investment commissioner, looked off the good results of the first six months of this year: 15 deals, 400 million guilders of investments, 1,100 direct jobs. And the majority of newcomers were Americans.

Digital Equipment, the leading producer of interactive computers, is leasing a large plot at Nijmegen to service and distribute replacement parts of its computers throughout Europe.

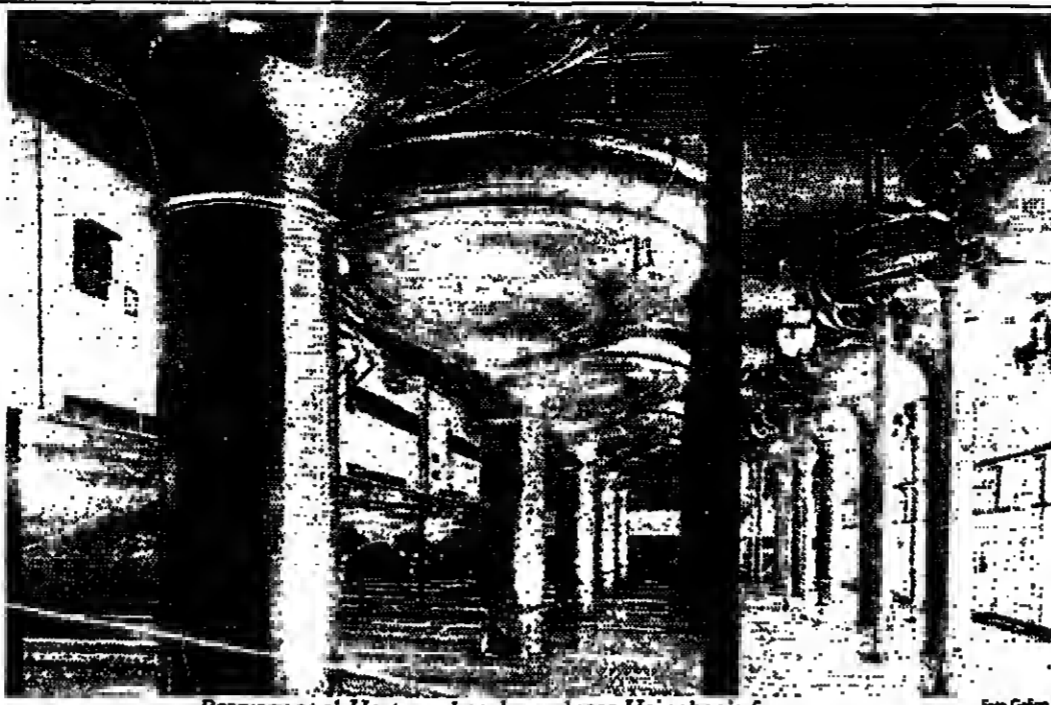
Diet Food
Bristol Meyers is likely to choose the same eastern Dutch city as the location for a diet food plant. Nijmegen is halfway between Rotterdam and the Ruhr, and has a skilled labor force and dozens of academic institutions. U.S. companies such as Hyster

and Sealed Air are already established in the city, which is able to grant newcomers special financial support because of its designation by the government as a priority area. It seems that new companies appreciate the Netherlands' open economy. Tax treaties with the United States eliminate double taxation and allow credit for withholding taxes against Dutch tax liabilities.

Investment incentives vary from one European country to another despite what the European Economic Community is trying to do in the way of harmonization. But a Dutch official said: "The extra incentive is good for four to five years, whereas a serious investor is looking to a 30- or 40-year period and at productivity."

The major U.S. oil companies have long liked the Netherlands, and Exxon's advertising campaign a year ago with its message "We can build on Holland" was but one example. There is a regular upgrading of existing U.S. investment and a strengthening of U.S.-Dutch commercial ties.

There is a feeling in the Netherlands that U.S. companies in general are again investing abroad. Certainly, the majors such as Exxon and Chevron are constantly pouring money into new local technology, but a company like Apple Computer has opened a support center in Zeist because of the central location for Western Europe. The Dutch have the great advantage of speaking English. An Apple executive said: "The Dutch have more experience in dealing with international currency than many European countries, but they also have a more multilingual approach. It's a lot easier to do business when you can do it on the phone."



Brewery at s'-Hertogenbosch produces Heineken's for export.

Beer Maker to the World Is Expanding

By David Post

Beer is the generic name for alcoholic beverages made by fermentation of extracts derived from cereal grains or other starchy materials. Known to the Egyptians, Babylonians and probably earlier civilizations, beer became the common beverage in northern climates not conducive to grape cultivation.

AMSTERDAM — Today, beer is consumed in all climates, and to millions of people in 170 countries beer is, quite simply, Heineken. The Dutch brewing group is now ranked fifth worldwide after Anheuser-Busch, Miller, Japan's Kirin and Denmark's United Breweries. Yet sales of these products are limited largely to the home markets while about three-quarters of Heineken's annual sales of nearly 26 million hectoliters is sold outside the admittedly small Dutch market.

Part of this is produced outside the Netherlands, in the rest of Europe, the Caribbean, Africa and the Far East. Beer brewed under the supervision of Heineken is known variously as Heineken, Amstel and Star and certain local brands. Only 7,000 of Heineken's 20,500 employees worldwide are based in the Netherlands. The group is involved in soft drinks and distilled spirits, and distributes other beverages, but beer sales exceed \$1 billion a year and account for well over two-thirds of the net turnover annually.

Heineken is unarguably the world's most exported beer, and in the United States alone it accounts for 1.1 percent of all beer sales and well over 40 percent of all sales of beers imported into the United States. It is the 10th most popular brand of beer there (and the only premium beer in the top 10), and

this fact alone makes Heineken the largest user of containers west-bound on the North Atlantic, filling nearly 2,000 40-foot containers each month.

Three Breweries

There are three Heineken breweries in the Netherlands. The one in Amsterdam, across from group headquarters, is mostly a calling card, with more than 70,000 people a year visiting it for a tour and a taste. The other two breweries, at s'-Hertogenbosch — the export brewery — and Zoeterwoude — one of the largest breweries in the world — are undergoing major expansion programs.

Heineken's success lies in its consistent quality and marketing policies. Markets and tastes differ, so advertising campaigns are geared to local appeal. However, the low-key and highly successful international campaign sums it up: "When you make a great beer, you don't have to make a great fuss."

The Heineken you buy in New York or Amsterdam or Tokyo or wherever tastes the same. To match other taste preferences, the group also produces a number of local brands.

Amsterdam itself is a city that was built on beer. In 1275, Floris V, count of Holland, gave the small fishing village established on a dam on the Amstel River (thus the name, originally, Amstelledam) the right to tax beer en route from what is now West Germany to Flanders. Water in the village was brackish and virtually undrinkable, and the villagers developed a taste for beer. They also began to brew locally.

Heineken traces its roots back to 1592, when the brewery De Hoop (The Haystack) was built in the city center. This brewery was in a period of decline when in 1864

a certain Gerard Adriaan Heineken, then only 22, bought it.

Four years later, he moved operations to new premises on what was then the outskirts of the town where the group's present Amsterdam brewery is located. Heineken is now headed by his grandson, Alfred H. Heineken. The firm's aim is, and always has been, to produce a top-quality beer and market it over a wide area.

Brewing process control was quickly adapted, and unique cooling facilities as well as a method to control the fermentation process were developed. A student of Louis Pasteur employed by Heineken as a biochemist succeeded in selecting and separating a specific yeast cell. Known as the A-yeast cell, it is still kept alive and is responsible to a great extent for the taste and constant quality of Heineken beer today.

The Dutch home market, even in those days, was small. Exports to other parts of Europe, particularly Belgium and France, began, and sales to the Dutch colonies were stepped up. In 1929, the first bottle-filling machines were installed and four years later, after the repeal of Prohibition in the United States, Heineken appeared for the first time there.

After World War II, Heineken entered a period of great expansion outside the Netherlands, particularly as German export capacity was practically eliminated. Serious and effective marketing methods were introduced and Heineken was among the first breweries to realize the importance of the take-home market.

Today, Heineken continues to expand its international beer operations through export, licensing and participations. It is determined to remain the most exported and probably the most famous beer in the world.

Contradictions Found In Character of Dutch

By Richard de Burnchurch

AMSTERDAM — The character of the Dutch people is contradictory in many respects. On the surface, they are cool, calm and efficient, but beneath the formal exterior there is a great deal of warmth and expansiveness.

When the Dutch believe, they believe with passion. At the same time, they have a tradition of tolerance and a strong, if restrained, sense of humor — they can laugh at themselves.

There is a marked tendency to take things seriously — the Dutch work hard and play hard. The family and home are very important. Great importance is attached to birthdays — these are always accompanied with gifts and cards, and a big party is held within the extended family. Weddings also tend to be a magnificent scale.

The saying that an Englishman's home is his castle applies to the Dutch. Their love of cleanliness and neatness is reflected in their homes. They like everything in its place. The home invariably contains masses of potted plants, knickknacks and souvenirs. Being great travelers and linguists, the Dutch collect things from all over the world. About 16 percent of the annual budget is spent on household goods and furnishings — more than twice the share in the United States or Britain, for example.

A Hard Bargain

The old saying that in matters of commerce the fault of the Dutch is giving too little and asking too much is not true. It is true that in business they drive a hard bargain. This comes from their attention to detail in everything — they always read the fine print, and examine things from every aspect before deciding. At the same time, they are noted for keeping their word when they make a deal and for paying on time.

They are often accused of hair-splitting and of being disputatious. The hair-splitting is best-illustrated in religion and politics. Radio and television time is decided by proportional representation. Any group of people that numbers 100,000 representing any point of view qualifies for inclusion. Apart from Roman Catholics (40.4 percent), there are innumerable Protestant denominations, the main ones being the Dutch Reformed Church and The Reformed Church.

Some political parties are based on denominational principles, so that there are Roman Catholic, Protestant and neutral parties, for example. There are Protestant, Catholic and neutral sports clubs, and in addition to the Red Cross there is the White-Yellow Cross (Roman Catholic), Orange-Green Cross (Protestant) and the Green

Cross (neutral). There was even a Roman Catholic goat breeders association. These divisions extend to newspapers, employment and shops for some people. Strangely enough, this leads to a stable society. To the youth of today, these divisions are lessening — they have found new values.

It has been said that the Dutch have their heads in the clouds and their feet on the ground. It is well-known that they support all sorts of causes — they have strong convictions about things, but they are realists and know how to compromise. Socially they are very aware, and are generous with foreign aid. They are not mean with money, but they are careful and do not believe in waste.

Education

The general level of education and culture is high. The Dutch spend a lot of money on books — in three or four languages. Lifestyle differences are less marked between social classes than in many other countries — people tend to be modest and there is a general lack of ostentation. This comes from the republican spirit that is so strong in the Dutch character. Until 1815, the Netherlands, apart from a short period of French domination, was a republic; consequently there was no court life, although the princely family of Orange-Nassau was usually at the center of affairs. The upper classes were mostly merchants, as in Venice, and not on the whole a landed aristocracy. The monarchy of today is part of the landscape and its presence is seldom questioned.

The Dutch love the sea, and it has played a great part in their history — the Dutch Empire was essentially seaborne. The saying that God created the world but the Dutch created Holland is not quite true, but they have increased the size of the Netherlands by making polders and creating good agricultural land. Throughout its history, Holland has been invaded by floods, usually naturally, although sometimes deliberately as a weapon against invading armies. The constant struggle for mastery of the sea has played a formative part in the Dutch character. The flat countryside and vast sky and the omnipresence of water have inspired innumerable artists.

The most striking Dutch characteristic is independence. The Dutch do not like to impose themselves on others, and likewise do not want to be imposed upon. For example, the idea of carrying identity papers is totally unacceptable to Dutchmen.

The author has written a book entitled "An Outline of Dutch History," published by Wouter Wagner in the Netherlands.

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Rotterdam Investing For Brighter Future

By Alan Tillicr

ROTTERDAM — The world's largest port is suffering from the drastic drop in demand for oil products, but it is not for nothing that other Dutchmen say Rotterdamers buy their shirts with the sleeves already rolled. This vast gateway to Western Europe is investing about 12 billion guilders in better facilities and deeper channels, and plans to be bouncing back into profit by the mid-1980s.

Eight-month figures for the port as a whole were not encouraging. Total tonnage (oil, coal, ores, roll on/roll off, cointainers and other sectors) fell 13 percent from 218 million metric tons in 1980 to 190.5 million tons during the first two-thirds of this year. Crude oil for the Netherlands and Western Europe, the heartbeat of the 20-mile-long port, was off 24 percent, and Rotterdam was headed for the same situation as last year, when the refineries and re-exporters handled 117 million metric tons, a 17-percent drop from the 1979 total of 141 million tons.

High prices, swollen stocks, a world recession and energy saving measures contributed to the fall in Rotterdam's oil trade, but the Rotterdamers say justifiably that although refineries may be cutting back they are not closing as in other parts of Western Europe.

Jan Riezenkamp, the young city alderman in charge of port matters and economic affairs, said: "The fall reflects the fact that we are the mirror of the Western economy and that 1979 saw enormous quantities of ore shipped to Rotterdam. We retain the advantages of an economy of scale while the geography has not changed." Rotterdam is the oil and iron ore port for

West Germany and acts as the raw material supply point for large parts of Northwestern Europe.

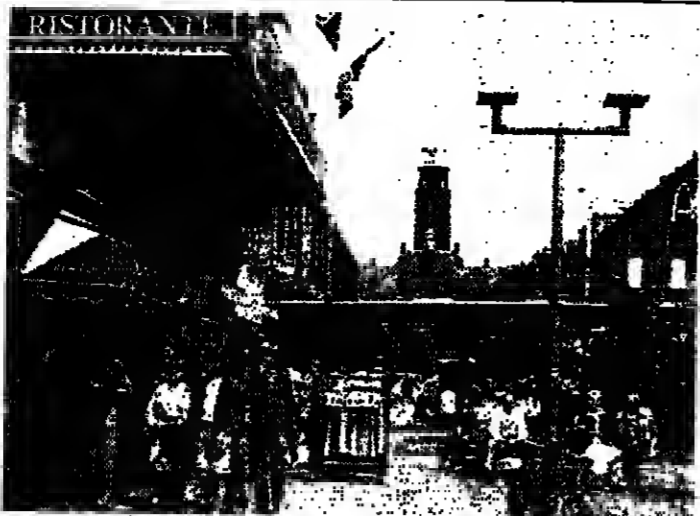
He added: "We are investing because our policy has been always to foresee the future. The port will lose 10 million to 20 million guilders this year, the first loss for more than a decade, and the trend will continue until new investments begin giving a return. Rotterdam thinks that the turnaround will come in the mid-1980s."

There are major investment projects under way. The main entrance channel to Rotterdam is being deepened from 68 feet to 72 feet and later to 75 feet to accommodate the bigger coal and ore tankers of the future. This will cost 100 million to 150 million guilders. The country is switching back to coal rapidly and this will mean more business for Rotterdam as it handles increased imports from Poland, Australia, the United States and elsewhere — tripling to 30 million metric tons by the year 2000 — and becomes a center for coal gasification.

Exxon is to open a 2-billion-gilder pilot plant. Shell, operator in Rotterdam of the world's largest oil refinery, is also going into gasification. The company is poised to upgrade its refinery to produce more of the lighter distillates. BP is investing 600 million guilders or more in a catalytic cracker.

Rotterdam still thinks big, although three decades of continuous growth have given way to a more realistic assessment of the future. Massive ore tankers from Brazil are welcome in Rotterdam because, as port officials say, transport costs are cheaper for big ships.

The city plans to increase its



The Lijnbaan, a main shopping street in Rotterdam.

current container capacity of 1.3 million a year to between 2 million and 3 million toward the end of the century, with feeder lines to Britain, Scandinavia and Italy. The new 400-million-gilder container port at Maasvlakte by the sea will be finished in three years. A new traffic guidance system replacing the current radar posts will mean a further 230-million-gilder investment, although here the government will contribute most to the cost. And more hundreds of millions of guilders will be pumped into remodeling the general cargo port.

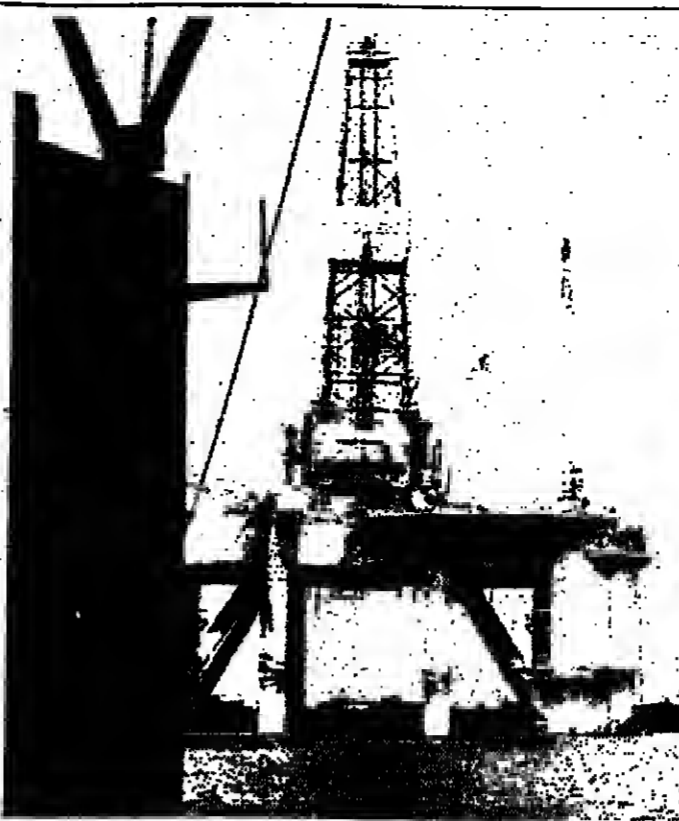
Slowly, Rotterdam will switch from its dependence on oil (Saudi Arabia, Nigeria and Kuwait) to coal, liquefied petroleum gas, condensates and various diversified industries. The LPG project in Europort will help generate electricity and support the chemical industries. However, it has run into government safety regulations and the debate about the country's energy policy. Likewise, Alderman Riezenkamp's plan for push boats to propel six barges at a time to

the Ruhr has been limited by the government to four.

Rotterdam is still twice the size of Kobe, Japan, its nearest rival as a world port. It does not conceal the problems it is facing: a sharp drop in population, the drop in tonnage, the need for more urban renewal in addition to the major efforts to date, the necessity to attract more diversified industry.

The World Trade Center is one example of its policy of "depth" and not just loading and unloading. It groups the insurance, grain and shipping exchanges (the latter a colorful meeting place for barge captains) and provides office space for foreign firms. The city council is Socialist but the spirit of free enterprise means that the city provides the port's infrastructure but leaves shippers, service companies, banks and others to pursue the job of making the huge port work.

The massive extension of the port toward the sea has been halted for the time being, but the efficiency of Rotterdam as the "motor" of Dutch industry is being improved. A harbor trip reveals the



An offshore platform near Rotterdam.

diversity of the port — Swedish boats unloading 5,000 Japanese cars at a time, specialized shipyards, facilities for repairing 280,000-ton tankers, grain and oil real trans-shipment, onstream unloading, the loading of Mannesmann steel pipe for Soviet gas fields.

Rotterdam is not only adapting to changed conditions of world trade but also steadily improving the quality of life for its 580,000 inner-city inhabitants. High-rise buildings have been banned and old houses transformed into attractive housing complexes. Dirty industries are a necessity of life in a city dependent on refining and petro-

chemicals, but there are 23 pollution measuring points and the city has power to close down an offending plant if a certain level is reached. At the same time, the city is trying to create more white-collar jobs.

It is a city of contrasts where pragmatism reigns. The need for a floating maison for sailors is discussed at the same time as an extension of cultural facilities dominated by the concert hall with its celebrated orchestra, the Rotterdam Philharmonic. What one senses in Rotterdam is the abiding spirit that enabled the city to rise from the ashes of wartime destruction.

Focus on The Netherlands



Amsterdam transships grain, derivatives and soybeans.

David vs. Goliath

By David Post

AMSTERDAM — Located less than 40 miles to the North of Rotterdam, the world's largest port by far, the port of Amsterdam is in a David vs. Goliath position competitively.

Unlike the biblical characters, however, it is not a fight to the finish as the Dutch government has adopted a duo-port policy. Amsterdam and the other North Sea Canal ports — Ymuiden, Velsen and the Zaan — annually handle more than 35 million tons of international seagoing goods traffic, which places them among the top 30 worldwide. Amsterdam is expected to handle just over 20 million tons in 1981.

Amsterdam is a full-service port accessible to vessels drawing up to 45 feet in the 100,000-dwt range. There are plans for a deep water bulk terminal outside the locks at Ymuiden, which will be able to handle bulk carriers up to 180,000 dwt. Amsterdam, as with many other European ports, is bracing itself

for the expected huge increases in coal imports to replace oil as a major energy source.

Amsterdam specializes in a number of commodities and regions of the world. There are excellent links to Latin America, and the Caribbean as well as to West Africa, Scandinavia, Indonesia and the Far East. As a result, specialized cargoes include tropical produce (about 20 percent of the world's cocoa production each year physically passes through Amsterdam), timber and hardwood, as well as grain, iron ore and coal. Crude oil and products are also important imports.

Amsterdam's natural hinterland is well served by road, rail and inland shipping. The Amsterdam-Rhine Canal, recently re-inaugurated by Queen Beatrix, is the busiest man-made waterway in Europe. Amsterdam is also an important base for cruise ships in the warmer months. The North Sea Canal ports are major operations centers for the North Sea oil and gas winning firms.

Nation Is Preparing a Major Export Campaign in the United States

By Alan Tillicr

THE HAGUE — Karel Beyen, the sophisticated former banker who was his country's foreign salesman as state secretary for economic affairs, has handed over his job to Wim Dik, a member of the rising center-left political party, D'66, and a former Unilever executive. Mr. Dik has no previous export experience, but he prizes the importance to the Netherlands of exports and is preparing to travel the world, like Mr. Beyen, in pursuance of this aim.

The strengthening guilder is not helping matters, but the six-month figures were encouraging. At 81.9 billion guilders, they were 6-percent higher than the 77.4 billion guilders recorded in the same period in 1980. Critics say that this is not good enough, considering that exports rose 21 percent in the first

half of 1980 from the corresponding period in 1979. The balance of payments position is improving because of higher Dutch gas prices and lower imports, but the Netherlands is one of those countries that has to export or die. Other figures show that in the first eight months the value of foreign sales rose 13 percent and that the country can expect a volume increase for the year of 2 percent or 3 percent.

Mr. Dik comes from one of the Netherlands' biggest multinationals and it is true that the country's sales are largely food, refined oil products and chemicals, the products of the multinationals, along with the consumer and electronics goods produced by Philips.

Mr. Dik so far has only had time to visit the Baghdad Fair but will soon be packing his bags for other destinations, notably the United

States. The Dutch intend to take advantage of the upcoming Dutch-U.S. bicentennial celebrations and two visits to the United States by Queen Beatrix to mount a major sales drive and so cut the deficit that has been running against them to the tune of several billions of dollars a year.

Main Exports

The Netherlands, for the moment, sells mainly bulk chemicals, semi-finished goods and fresh foods and flowers to the United States. "We are planning a big export surprise in the U.S. to coincide with the bicentennial," Mr. Dik said. He would not say what, but it is perhaps significant that the queen will be first paying a state visit to the United States, then a more commercial trip. "The bicentennial fete provides a rare

opportunity to raise U.S. interest," Mr. Dik said.

The United States is already an 8-billion-guilder a year client of the Netherlands, although by far the major proportion of exports goes to Western Europe, with West Germany at the top of the list. The United States nevertheless remains on Mr. Dik's priority list of countries to be "attacked." The other targets are Mexico, Canada, Colombia, the members of the Association of Southeast Asian Nations, Hong Kong, China, South Korea, Japan, the Arab states, Nigeria, the Ivory Coast, Venezuela and Australia.

The new junior minister will be faced with the same problem as his predecessor: persuading medium-size and small firms to export. About 95 per cent of exports currently are in the hands of a rela-

tively small group of 1,100 firms dominated in turn by the large companies. The idea also is to broaden the horizons of the small exporters, who first look to West Germany and then to the Scandinavian market.

Mr. Dik admits that his job is to "lay out the carpet" when foreign delegations visit the Netherlands and to build government-to-government economic frameworks during his travels. He says that he is a believer in liberal trade and that it is up to the businessman to conclude deals after some help from the government.

Export Subsidy

Groups of three or more companies are now receiving a 40-percent subsidy of their initial export costs. There is government financial help for various trade promotion councils and for the floating

exhibition of Dutch goods that has visited the Middle East and the Far East. The Economics Ministry's latest trade data and tenders are computerized and relayed to 5,000 points in the Netherlands.

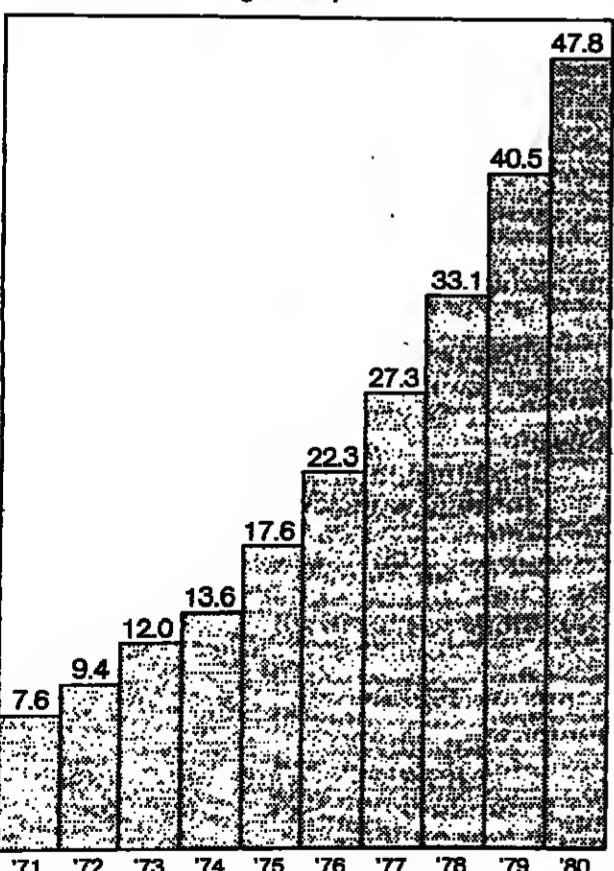
Three Dutch vessels have been cruising the Rhine promoting Dutch food and quality goods. About 30 trade missions have been traveling in Europe and 10 others in the Far East. These groups are becoming more specialized — an energy and oil team in Manila, a furniture mission in Tokyo, toys to Paris, anti-pollution to Hong Kong. Other teams are selling X-ray cameras and optical instruments, as well as cattle stables.

There has been major backup by the Dutch banks, notably the dynamic Nederlandse Middenstandsbank, the bank of the medium-size and small enterprises.

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'The Concern of the People Living on the Battlefield...'

Frisians Struggle to Keep Identity

By Mark J. Kuriansky

THE HAGUE — When the Rev. C.B. Roos declares, "Our synod says it is better red than dead," he is talking about the ruling body of the Netherlands' largest church whose three million members comprise more than one-fifth of the population. As of 1980, the Dutch Reformed Church, with Rev. Roos as leader, considers not only the use of nuclear weapons to be a sin as they declared in 1962, but even the possession of them.

This church is at the heart of a grass roots movement which has succeeded in paralyzing the Dutch government on defense policy. Polls show that more than half of the Dutch population oppose nuclear weapons on Dutch soil.

The central force in the growth of the Dutch peace movement has been the IKV (Inter Church Peace Council). Founded in 1966, this group has nine churches as members which represent, by IKV figures, about 95 percent of all Dutch church goers, including a great deal of the government and legislature. As a church organization, its members tend to be from the political center.

This is not to say that all church goers adhere to the principles of the IKV, but it does lend an air of respectability to the organization that more politically based groups, such as the Communist League "Stop the Neutron Bomb," do not have. Even in the Defense Ministry the IKV

is well spoken of. "I do not agree with the things they say, but they do try to base their opinion on solid knowledge," said a nuclear expert in the ministry. The ministry maintains open ties with the peace group and frequently responds to IKV requests for briefing on new developments.

Successful Campaign

The IKV has grown dramatically since its 25 part-time workers decided, in 1977, to start a campaign under the slogan, "Help rid the world of nuclear arms, starting with the Netherlands." They are calling for the unilateral disarmament of the Netherlands, whose tactical importance most experts consider minimal, as a gesture to the Soviet Union. The campaign caught on and today the IKV has 10,000 active members in 400 local chapters throughout the small nation. The organization is said to be the envy of political parties.

"The map of Europe has to be colored again," said IKV Secretary General Mient Jan Faber. "Not white for NATO or black for Warsaw Pact. But each country with its own color. Each country has to find its own way to detente."

Mr. Faber emphasizes that his is not a pacifist movement. They propose disarmament as "the Dutch contribution to the West German Peace movement. IKV does not encourage the idea of unilateral Ger-

man disarmament. "We think that is a crazy position for West Germany — the outer borders of this continent must start the demilitarization."

Rev. Roos simply states, "We accept weapons, but this (nuclear weapons) is demonic and evil because it is threatening the creation. When nuclear weapons are used the whole earth can be destroyed and mankind will disappear."

Member churches do not all automatically agree with the council or take as strong a stand as the Dutch Reformed Church. The Catholic Church, with the urging of its own internationally organized peace movement Pax Christi, which is very active in the Netherlands, is currently debating how far to go in their anti-nuclear position. Pax Christi points out that the Vatican, in a 1976 message to the United Nations, has already strongly condemned nuclear weapons.

Risk of War

At the root of the Dutch movement is the belief that the risk of war is mounting and the disarmament process, which has been left in the hands of the superpowers, has produced nothing.

The emphasis is on activism. Although the Netherlands is a small country, the Dutch must somehow act. Pax Christi quotes their retired leader, Bernard Cardinal Alfrink. "This is a real conversion: to realize that we are responsible for this world — we hold it in trust — and this

realization and nothing else will bring about our survival."

Mr. Faber believes that the new round of U.S.-Soviet disarmament talks is simply an attempt by the Reagan administration to defuse the European peace movements. Dutch government observers think that these talks will be crucial. If they produce a real reduction in arms, the peace movement will be manageable. "Stability would create some change, but reduction would be more helpful," said the Ministry of Defense spokesman, A.J. Sligting.

Sources in the ministry feel that the Reagan administration has greatly aggravated the Dutch situation. The White House is seen as aggressive in defense policy but unclear and ambivalent about disarmament. Declarations early in Reagan's presidency about the desire for U.S. arms superiority were upsetting in The Hague as was President Reagan's recent declaration about the possibility of limited nuclear war in Europe. The belief that the United States is prepared to "sacrifice" Europe is wide spread in the peace movement.

Mr. Sligting said of the Dutch peace movement, "It is not neutralism or pacifism. Those Americans who use those words confuse it with the real concern that people who live in this part of the world feel — it is the concern of people who are living on the battlefield. Things like the neutron bomb convince people here that they are going to be the victim."

By Jules B. Farber

LEEUWARDEN — In the northeastern province of Friesland, the weekend house of Hans Wiegel, then vice premier and minister of domestic affairs, was smeared with paint. The message was signed *In Frysk Aksepleoch*, Frisian Action Group.

The protesters were pushing for wider use of the Frisian language in government documents. Elsewhere in Friesland, road signs have undergone name changes — from Dutch into Frisian. Activists also replaced Dutch dialing instructions with Frisian manuals in telephone booths.

These incidents typify the continuing struggle of the Frisians to achieve greater cultural autonomy — but not separation from the Netherlands. A once-radical Frisian Nationalist Party, which began in World War I, now lobbies mostly for greater Frisian identity and recognition.

Residents of Friesland — once a great nation that stretched from Bruges in today's Belgium to Bremen in what is now West Germany — call themselves Frisians and the rest of their countrymen Hollanders. Their self-imposed separation goes back to early times on these then-desolate salt marshes. Relying on their marshlands as protective barriers, the early Frisians repulsed invaders through the centuries.

Earth Moved

They moved immense amounts of earth, estimated at 100 million cubic yards, in building refuge mounds — more than the stone used in constructing the pyramids of Cheops (3½ million cubic yards) and Chephren (3 million cubic yards). The Romans tried to conquer them and failed, ending up with a face-saving trade treaty. That was around 50 B.C., when the legionnaires found the Frisians living high on their terps, earthen mounds that were the first form of dikes. Their fierceness prompted the Roman historian Tacitus to say, "Their oame recouided among the German tribes!" As early as five centuries B.C., they were building these terps everywhere in their region, some as high as 30 feet above sea level and stretching over 40 acres. These kept out threatening water as well as menacing marauders.

History recorded the little Frisian Republic's bravery during the Middle Ages. They defended their freedom, although they were not warriors. Pope Pius II, in his 15th-century "Cosmographia," wrote about this people "different in many ways from Germanic tribes, tall of stature, stout-hearted and pugnacious, freedom-loving yet unwavering and averse to military display, and possessing a great love of justice." Neither the Federation of the Northern Netherlands Provinces under the Union of

Utrecht in 1579, nor the foundation of the kingdom of the Netherlands in 1815 changed the Frisians' attitude or character. They maintained their freedom to stay apart and be different from other Dutchmen.

Two hundred years ago next February, the Parliament of Friesland demonstrated its sympathy and support for the fledgling American republic and voted to recognize the independence of the United States. This was the first step in a process that led to the accreditation of John Adams as the first American envoy to the Netherlands on April 19, 1782. This act is commemorated on a plaque in Leeuwarden's provincial capital building.

Until 1932, Friesland was also physically apart from Holland — but then the 22-mile long, 330-foot wide, \$80-million Afsluitdijk (Enclosing Dike) linked the province of North Holland with Friesland. The salty, wild Zuider Zee was changed into a calm, sweet lake, the IJsselmeer.

An elderly man, recalling this traumatic land tie, said that he and his fellow Frisians vowed: "We shall remain free."

'Scotland of Holland'

Another resident said: "Friesland is the Scotland of Holland. We're fiercely proud of having a separate history, language, and traditions. We've always been independent. In the Middle Ages a Frisian was called a Friso or Frisius. Why should it be different today? We've never lost our national identity."

This persistence has begun to pay off. This year, the teaching of the Frisian language became obligatory in all of the province's 600 elementary schools. The central government bowed to pressures and now uses Frisian in the parliament and courts. Road signs appear in both languages. Broadcasting in Frisian has increased. The nationalists' demands are being heeded also among the locals who more than ever are using Frisian as their written and spoken language.

Frisian newspapers are flourishing. Books, music and literature appear in the local language. The Frisian flag is flown, the Frisian national anthem sung more frequently. Frisian passports, purportedly just for fun, are issued at "frontier posts" to foreigners — all non-Frisians, including Dutchmen. These passports reflect patriotic pride, provide a few quick lessons in Frisian, and promote local products and tourist attractions. This *Paspoort Four Frysland* has a translated explanation in English, French, German, Russian and Chinese. It is signed with a seal of the queen's commissioner for Friesland and also permits entry into the province's "overseas territories" — the West Frisian Islands strung along the coast in the Wadden Zee. (There are also Frisians living in areas of northern West Germany and Denmark but they

are no longer tied with the Dutch province).

Once over the border into this fantastic province, more than half of which is below sea level, you discover the rich farmlands with the famed Frisian black and white heifers, a breed apart that is exported all over the world. Hollanders joke that there are 1 million Frisians, of which half are cows. A statue of a hefty cow called *Us Mem* (Frisian for "Our Mother") stands on a Leeuwarden square. The rich gentlemen farmers, with the country's largest agricultural plots, live comfortably in farmhouses with barns under one roof called *kop-hals-womp* (head-neck-body) — sturdy symbols in this waterland of the wealth earned from the earth. Besides stock breeding, dairy production is important, with cheese the leading product. On top of the tiled farmhouse roofs, there are symbolic wheels depicting the sun, or a harp between swans' necks — both presumably with roots in early Viking times.

Water plays a key role in Friesland's recreation. There are 13 large and 17 small lakes covering a total area of 25,000 acres, plus hundreds of canals and other navigable waters, and 240 miles of shoreline — making this the Continent's greatest water sports center. What the Swiss slopes are to skiers, Friesland is to sailors. In the winter, when the 120 miles of canals linking 11 Frisian towns freeze solidly enough, there is an ice skating endurance race called the *Eilfstedde* that takes on the importance of a Grand Prix or Tour de France.

Among Friesland's touristic curiosities are the Wieuwerd church with its petrified priestly mummies, and one man's remarkable 18th-century planetarium built in his Franeker house. Since Napoleon had to sleep somewhere in Friesland while inspecting his troops, there is a water hotel, "de Oude Schouw," between Akkrum and IJzsum, which makes this claim. The restored room, with its tiny bed built into the wall behind draperies, is now popular with honeymooners. And for New Yorkers searching for roots there is the restored Zwartenkijster or Eener Fort near Appelscha. This served as Stuyvesant's model for the walled bastion built to protect the New Amsterdam settlement. New York's Wall Street recalls that site.

Visitors will find that Frisian is not a Dutch dialect but has Germanic roots and sometimes comes close to English. *Dream is dream, flesh is fleesk, goose is goes, green is grien, meal is miel, moon is moarne, sheep is skiep, thin is tin and yarn is jern.* Complicated constructions become somewhat more comprehensible if you listen to the Frisian phonetics. "By set, By woenet" means "He said he would not." "Ik Haw him singen heard" is "I have heard him singing."

No End Is Seen Soon to International Spending Spree

By Bruce Barnard

AMSTERDAM — The Dutch foreign spending spree shows no sign of running out of steam as companies and individuals continue to pour billions of dollars each year into industry and property abroad, particularly in the United States.

The extent of this spending became evident in 1979, when U.S. Department of Commerce figures on direct foreign investment in the United States showed the Netherlands in first place that year with \$4.7 billion invested. Dutch direct investment in the United States has risen from 11 percent of the total in 1971 to 24 percent last year.

The most spectacular deal so far was the \$3.5 billion purchase of Belridge Oil by Royal/Dutch Shell's American subsidiary, Shell Oil. The Dutch/British multinational Unilever acquired National Starch and Chemical for \$485 million, the electronics giant Philips boosted its U.S. interests with a \$135 million takeover of Magnavox, and Ahold, the retail and trading group, acquired the Bi-Lo chain store firm of Georgia for around \$70 million.

Dutch insurance companies have been busy buying up medium-sized American insurers at a cost of over \$800 million since 1978. Less-publicized purchases by investment funds and wealthy persons have taken Dutch investment

abroad to over \$10 billion in the past decade.

Dutch companies are spending more of their profits abroad largely as a result of adverse developments in the domestic economy. Corporate profitability has been declining sharply in recent years as wages take a large slice of gross domestic product, the rate of increase in productivity has slowed down and the tax and social security burden has been getting heavier each year.

Businessmen complain that the Netherlands no longer offers incentives to private enterprise and they regard the United States as the last free market bastion.

Dutch investments in the United States have been aided by the strength of the guilder against the dollar for most of the 1970s. The hardening of the U.S. currency in the last year, however, does not appear to have dampened their enthusiasm for American investments.

Dutch companies also have been forced to go overseas for expansion because they have outgrown the saturated domestic market. Unable to boost sales or improve market shares at home, Holland's leading retail firms have switched their attention abroad, with the United States again topping their spending list.

Ahold is following up its purchase of Bi-Lo with the acquisition of Giant Food Stores of Pennsylv-

ania. Vroom on Dressman announced earlier this year its intention to take a 50 percent stake in the retailing operations of W.R. Grace alongside the shares it already holds in four other American retail groups. Bijenkorf Beheer, last year, bought Mack Stores of Stamford, North Carolina, for \$15 million.

Foreign acquisitions have paid quick dividends. Turnover at Bi-Lo and Ahold's Spanish supermarket chain, Cadadia, rose 37 percent in the first six months of 1981, while Dutch sales grew only 11 percent. Ahold's foreign sales rose 28 percent last year, almost three times as fast as domestic sales and accounted for 23 percent of Ahold's total turnover.

Nationale-Nederlanden, Holland's largest insurance company, said that the international contribution to its earnings rose to 50 percent last year from 45 percent in 1979. The Amey insurance group reported that the sharp rise in first half 1981 earnings to 79.1 million guilders from 54.4 million guilders in the year earlier period was largely the result of the consolidation of Interfinancial, the American insurer acquired last year for \$134 million.

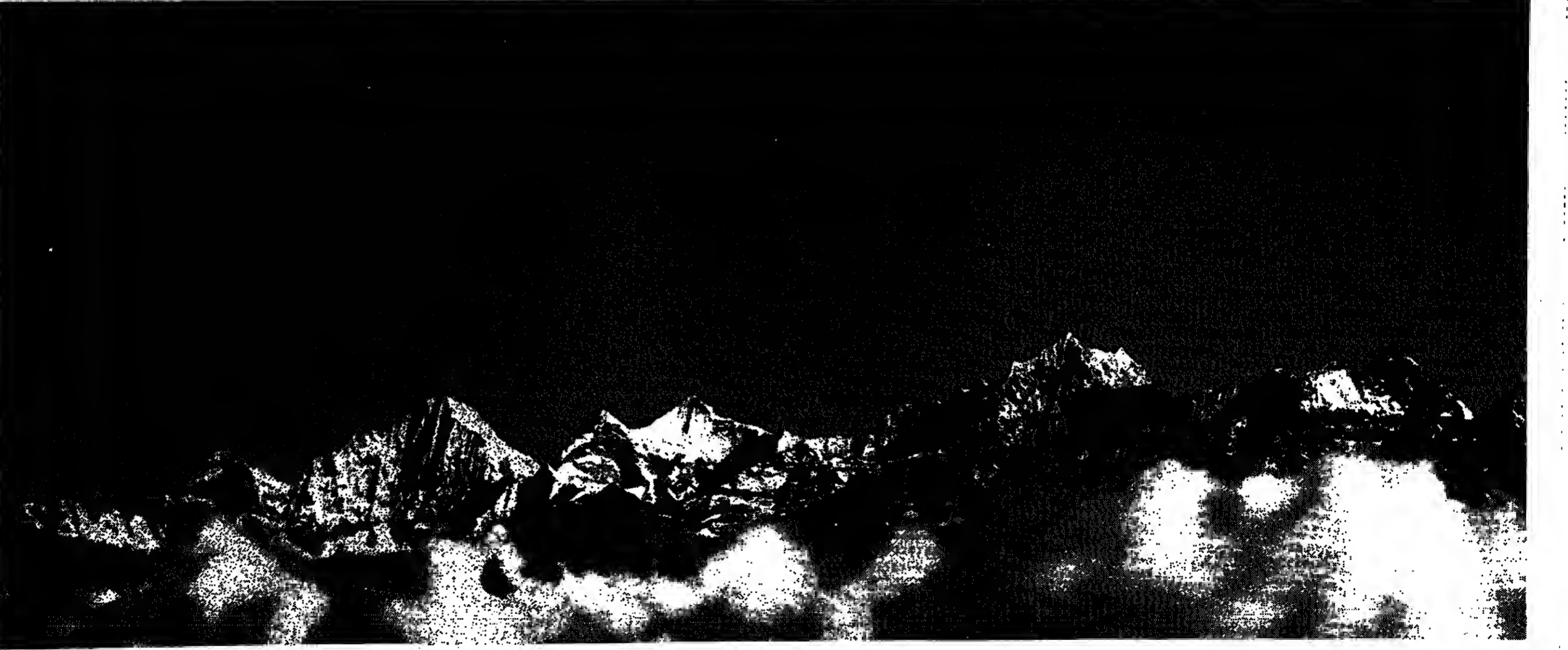
Investment groups and real estate developers also have shown an increasing preference to invest overseas. Robeco, the leading Dutch investment group, had almost 40 percent of its 4.69 billion guilders assets in the United States at the end of March this year, and 12 percent in Japan compared with 18.3 percent in the Netherlands.

The property group Wereldhave, last year, reduced the Dutch share of its portfolio to 45 percent, alongside increased investments in the United States, which now account for a further 20 percent of its portfolio.

The rise in Dutch investment abroad has been paralleled by a decline in foreign investment in the Netherlands. The Amsterdam investment bank of Pierson, Heldring and Pierson, said that direct foreign investment by Dutch companies and individuals increased between 1971 and 1980 on a five-year moving average from 1.6 billion guilders to 4 billion guilders while foreign investment in Holland hardly budged in the period from 1.5 billion guilders to 1.6 billion guilders. The Netherlands has moved from being in balance at the beginning of the last decade to a deficit of 2.4 billion guilders by 1980.



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Development Programs Push Ahead

By David Post

AMSTERDAM — Under terms of the European Economic Community accord, regional development schemes and authorities will be phased out in the coming years. But such authorities are going all out to attract industries and jobs into their regions, with varying degrees of success.

Sharp structural and sectoral unemployment problems exist in the Netherlands, particularly in the northern provinces of Groningen, Drenthe, Overijssel and to a lesser degree Friesland, as well as in the southernmost province, Limburg. Each of these two areas has its own government-funded development company. The Development Co. for the Northern Netherlands (or the NOM by its Dutch-language initials) and the Limburg Institute for Development and Financing (LIOP) are charged with improving the socioeconomic structure of the regions.

Simply translated, this means keeping existing jobs and attempting to lure new firms to the area to create jobs. Aside from its good geographical position at the heart of the Common Market and its excellent road, rail, inland waterway and air connections, the Netherlands has an excellent work force.

Dutch workers have the highest productivity record after Japan and West Germany, most speak English and German as well as Dutch, and there are very good training programs.

Moreover, strikes are virtually unheard of. On the other side of the coin, Dutch wages and fringe benefits are very high. The average hourly wage including fringes is estimated at \$9.15, against \$11.09 in Sweden, \$9.19 in West Germany, \$7.56 in France, \$11 in the United States and \$6.04 in Japan.

Reasons for Expansion

The head of a U.S. oil firm in the Netherlands recently said, however, that the reasons his firm was expanding were "the high labor productivity, a good fiscal climate, fair and flexible banking regulations, and a good dialogue with the government."

LIOP and the NOM make this dialogue with the government even easier, although their approaches are different. LIOP was started in 1967 with the closing of the coal mines in Limburg. At the peak of operations, the mines employed 60,000 people, or 20 percent of the local working population.

Even then, Limburg relied heavily on ore industry and many former miners were retrained to work at DSM's petrochemical plants,

which had been gearing up for the change since the 1930s. The late 1960s and early 1970s were boom years for the petrochemical industry, but the oil crisis put a halt to that. Again, Limburg's economy was based too much on a single industry.

LIOP attempted to attract other types of industry, but its early track record was somewhat marred. Paul Walenburg of LIOP said: "At first we went all out just to get new companies creating new jobs without really bothering to look at their balance sheets. We are more serious now."

As with the NOM, LIOP actively tries to acquire new firms, particularly in the high technology sector. LIOP has a man in Atlanta looking for likely firms. The NOM has similar people in the United States, Scandinavia, Japan and England. Both companies support innovation and are able to provide capital for promising ventures. However, LIOP is closely tied to the regional and national governments, while the NOM acts more freely since it is a limited liability company whose shares are in the hands of the Ministry of Economic Affairs. The NOM is responsible only to its own directors, and the government has no say in its operations.

Henk Wisman, an engineer who

heads the NOM, said: "We are in business to attract firms to our territory and help them make a profit. The NOM is unique in that we offer venture capital. So far we have placed 300 million guilders and we have 200 million guilders more readily available for the right firms. Economic stimulus is also provided by the NOM's taking participations in companies where financial aid is needed. It openly supports innovation by helping people and companies with new products, new marketing methods or finance. The NOM often acts as a sort of company doctor by supplying better management or by finding two groups whose interests are complementary."

The NOM approach is a positive one. (It is felt that governmental agencies such as LIOP often grant credits to new industry when banks have refused a loan. Thereby, weaker firms are attracted.) By participating in a new venture (the NOM has only nominal control of the board, and companies are free to buy back the NOM's equity at predetermined terms), entrepreneurs are encouraged.

At present, the NOM has participations in 28 firms and is considering about 15 others. In 1980, the NOM created or maintained 5,700 jobs. Two new industries were lured to the region, while five new

participations were added. The new industries were a magnesium oxide plant in East Groningen and a catalyst plant in the Port of Delfzijl, which is already undergoing expansion.

Management Services

In addition, a complex for new small firms has been set up in Groningen. Production space as well as centralized services such as a telephone switchboard, bookkeeping and the like are available. The NOM also has a bureau for temporary management services, another boon to new firms. The NOM can also call upon technical experts and has available about 25 such scientific people drawn largely from Dutch universities, including a metals expert, electronics people and its own patent attorney.

The NOM is actively trying to attract new products and processes for local industries largely from the United States and Japan. Know-how and licenses are also

sought. One example is the case of an inventor who came to the NOM with a new idea on the manufacture of insulation materials. The NOM took this inventor and his idea through the entire research and development process, and the calcium silicate plant is now on stream. Total costs are put at about 8 million guilders, of which the NOM has a 75-percent share.

Despite these developments, short-term prospects for new industry in the north are bleak. But Mr. Wisman is optimistic about medium-term prospects. Several large projects are in the pipeline. In Limburg, however, DSM still faces problems as about 30 percent of its worldwide product and of its 30,000 employees are located there. Volvo Cars, another major employer, also has problems. Meanwhile, LIOP continues to try to attract new industry, and both firms will do so until EEC legislation eliminating this activity is made ready, probably not for another 10 years.

Focus on The Netherlands

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Windmill-and-Dike Plan Debated

AMSTERDAM — The Dutch government is debating whether to combine two of the country's oldest traditions — dikes and windmills — in a revolutionary multibillion-dollar energy project.

The Lievesse Plan envisions a huge "energy reservoir" within a dike rising 30 meters in a lake northeast of Amsterdam. Modern windmills would provide power for turbines to fill the reservoir. Then, when demand is greatest, the water stored in the reservoir would be released through the reversible turbines to generate electric power.

The beauty of the concept is that the energy produced by the wind could be "stored" in the lowering reservoir, which ultimately might cover 165 square kilometers. That would answer critics of wind power who say that they still want to watch television when the wind is not blowing.

Science Policy in May with a ring endorsement of the plan, saying that it should be carried out as soon as possible. Comparing the price tag of \$3.2 billion to \$5 billion with the potential energy savings, the advisory group said that the plan could show a profit of nearly \$400 million by the year 2000.

Not everyone is happy with the idea. Opponents say that the proposed site should be left as a wildlife habitat and warn that the giant windmills would bear no resemblance to the picturesque wooden four-bladed in the countryside. Others question whether the electricity demand will grow enough to justify such a large undertaking.

Mr. Lievesse responds that the alternative to such projects is continued reliance on nuclear power and fossil fuels. He said that many environmental concerns, such as interruption of bird migration patterns, could be resolved by careful planning in locating the wind turbine parks.

The Ministry of Economic Affairs is preparing a position paper, to be offered to parliament early next year. An official who asked not to be identified predicted that the government would recommend a green light, but probably for a scaled-down (and less expensive) version.

The Dutch are perhaps the world's most skilled water engineers, with 60 percent of the popu-

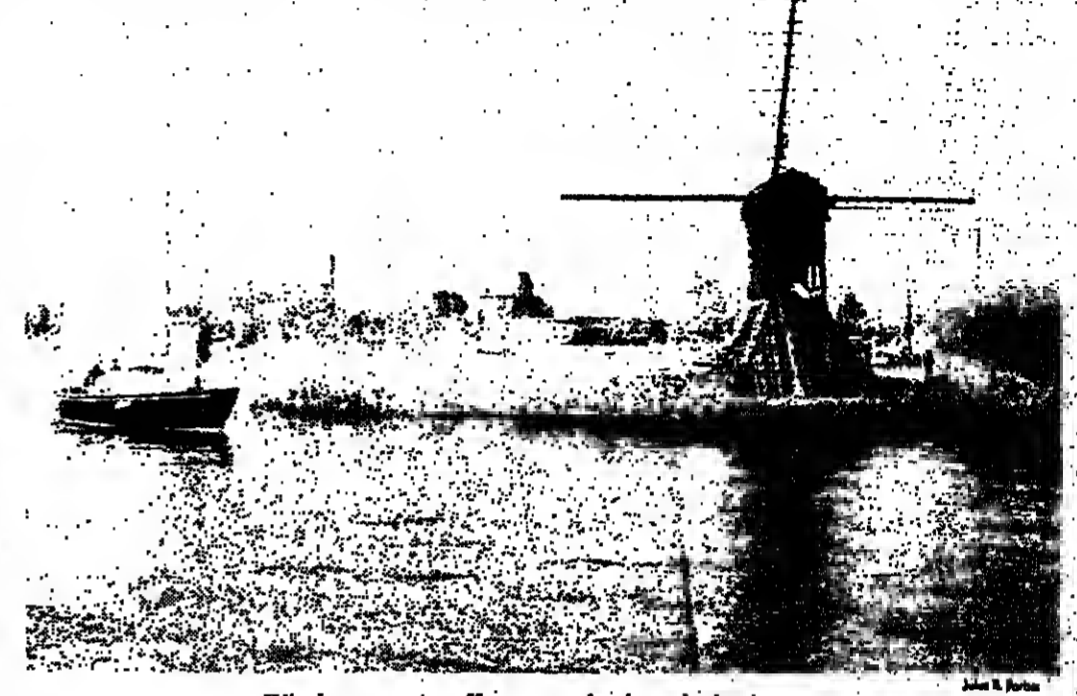
lation living below sea level in drained polders behind elaborate barriers against the North Sea. The nearly completed delta works in the southwest have shortened the Dutch coastline by hundreds of kilometers. By bridling the 20-mile-long Afsluitdijk (Enclosing Dike), the Dutch turned the former Zuider Zee into a lake now called the IJsselmeer.

It is within that lake that Mr. Lievesse's project would be built. Current plans for diking and draining the Markermeer section for residential and commercial development would be abandoned, and the "energy polder" built there instead.

The committee suggested that the government begin with a 55-square-kilometer reservoir inside a 30-kilometer-long dike, with two hydroelectric turbine stations producing 800 megawatts each of electric power. If construction began in 1985, the first station could begin producing power by 1990, the second by 1995.

The final phase, if justified, would call for a 110-square-kilometer addition to the reservoir within a 55-kilometer dike, with another power station bringing total electricity output to 2,400 megawatts by the year 2000.

The reversible hydronrines make the concept economically feasible, Mr. Lievesse said, because the same units can both fill the reservoir to the maximum level 23 feet above sea level, and gener-



Wind power: An effort to get back to the basics.

erate electricity at the throw of a switch.

Clusters of Turbines

Ultimately, about 1,050 wind turbines, providing a total of 3,000 megawatts of power, are proposed for filling the reservoir. The 80-meter-high wind turbines would be built in clusters in industrial areas of the windy western part of the country. If the energy polder was full, the windmill-generated power could be fed directly into the electricity grid, supplementing the nation's power from conventional plants. If the wind was not blowing and the polder level was low, conventional power could be used at night when demand, and therefore cost, was lowest.

The study panel estimated that the completed project could cut Dutch fuel import needs by 1.5 million tons of oil a year, a savings of 1 billion to 2 billion guilders annually if fuel prices rose 2 percent to 4 percent a year. That would mean electric utilities could import 8 percent less fuel. In addition, construction would provide 71,500 man-years of work, and 1,650 full-time jobs when finished, at a time of worsening unemployment, the committee said.

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Increase in Production of Natural Gas Is Topic of Debate

By Alan Tillier

THE HAGUE — Natural gas production from offshore and onshore fields was down slightly in the first half of this year (47.3 billion cubic meters against 49.8 billion cubic meters last year), but the big question remains whether Dutch gas production should be increased to benefit from higher world prices and therefore help pay for the Netherlands' unemployment and social security plans or even industrial restructuring.

Today, as in the last 20 years, the entire Dutch economic picture is a reflection of this issue — gas supplies, pricing and whether output should be more or less destined for home or foreign consumption.

Broadly speaking, the Dutch contracted to sell large quantities of natural gas to the rest of Western Europe before the oil price shocks. Later, they tried to balance cheap, fixed price long-term exports with a policy of gas imports. The idea was to conserve quantities of their own gas in the North Sea, partly to extend the supply limit beyond the year 2,000, partly to be a Western European energy reserve. Two problems have arisen. The would-be foreign suppliers — Algeria, the Soviet Union and Nigeria — are arguing over unit prices and other long term supply questions.

The right wing of Dutch politics wants to keep the gas in the soil for as long as possible. Logically, it is the sensible course. But the political crisis and rising unemployment have strengthened the hand of those who say: "Pump more gas and we have the money for jobs and recovery." It is a tempting siren call, although reserves are thought to be good for only 10 to 20 years.

New Oil Reserves

Another view enters into the discussion. Geologists, on Dutch television, say reserves are much bigger than either government or companies admit. Professor Peter Odell, a British economic geographer at Rotterdam's Erasmus University, said the same. He predicted at the time of the first oil crisis that there was plenty of oil and gas beneath the North Sea and that the major Western nations did not have to be dependent upon the Middle Eastern producers and the oil companies. There are rumours of five big new fields.

True or not, the currently estimated 2,000 billion cubic meters of reserves are destined half and half between home consumption and exports to Western Europe. Now the Dutch are poised to extract two billion extra cubic meters a year to provide 750 million guilders a year to the job plan. It is a gambler's throw — spend more now in the hope that more fields will be found.

Until now, the Dutch energy plan was to import gas from four major sources — Algeria, the Soviet

Union, Nigeria and Norway. One deal with Norway works to the tune of 2.5 billion cubic meters a year through the existing North Sea pipeline. However, the Soviet Union's deliveries to West Europe are held up by political and financial considerations. The U.S. is seeking to persuade European nations that it would be strategically wrong to depend upon Soviet gas. The banks are worried about financing. And the Dutch are wondering whether they will get any orders for pipe or know-how if they do agree to this Soviet-West European gas connection.

Trade unions are calling for extra gas worth 1.5 billion guilders a year. In their view, this supplementary production would continue for three to four years and help stimulate growth. Already, gas contributes around 18 percent of budget revenues.

The argument about gas — essentially an argument about how much gas should be used by industry — has been complicated by the environmental furor over government plans to build three more plants with a capacity of 3,000 megawatts has led to the establishment of a committee of wise men who will report in six months time.

A 475-megawatt commercial plant at Borssele, which supplies power notably to a Pechiney aluminium factory, would cost hundreds of million of guilders to close, in the opinion of one Government official. There is a smaller test reactor that could be closed for less cost. Meanwhile, a two-year public debate is under way on nuclear power, a delay that is not consistent with that of the experts who will report on technical and financial aspects by next April.

The government, like others, is increasingly going back to coal. W.H.J. Teelamen, Dutch energy director, argues that the Netherlands

has an important strategic role as far as gas is concerned. The role could later be assumed by Norway. Dutch policy has been to keep the price of its own gas under that of other sellers.

Yet the target for coal is 23 percent of total energy requirements at the end of the century. Most will be for power stations, and all new stations will be based upon coal. And the government is encouraging the oil majors to produce coal gas. The Dutch are increasing their coal imports and will use their geographical situation to import and transport coal.

Divisions Are Deep on Government Spending

(Continued from Page 75)

other Dutch major, the view is that the 6.5-percent budget deficit should be reduced to 4 percent and that gross national product growth next year is likely to be between 1 percent and 1.5 percent rather than the 3 percent predicted by the Organization for Economic Cooperation and Development.

The budget deficit this year is estimated at between 24 billion and 27 billion guilders, but it is hoped that this will fall next year to the range of 21 billion to 22 billion guilders, or 6.5 percent of national income. When Mr. Den Uyl asked for his money for the crash employment program, there proved to be a gap of \$600 million between his request and what was available even after squeezing here and there. In addition, much of the "pledged" funds were connected with problematical future fundraising such as taxing gas companies. In effect, the money was there only on paper, and the three-party coalition split.

The banking side seems healthier. ABN, the Dutch bank with the widest foreign network, posted a very handsome 25-percent profit increase in the first half of this year (196 million guilders as opposed to 157 million guilders in the same period last year) because of the strong dollar. The balance sheet rose 12.7 percent to 122.5 billion guilders, and year-end profit is expected to be well above last year's figure of 309 million guilders. Amro profits in the first half were 7.6-percent higher (154 million guilders against 143 million guilders). NMB dipped 9.2 percent after a long period of profit increases, but the bank increased its balance sheet, lent more abroad and built up its foreign network notably in Singapore and the rest of the Far East.

Rabobank, the Dutch agricultural cooperative bank, had a slight 0.6-percent increase in net earnings in 173 million guilders during the first half, but its balance sheet rose 10 percent to 107.5 billion guilders, the same rate of growth as last year. Foreign business grew as a percentage of the total to 12 percent, against only 10 percent in the first half of 1980. However, credits to the private sector grew slowly because of the downturn in investments.

All the big Dutch banks are continuing their foreign expansion. ABN's Miami branch was further evidence of its commitment to the North American continent while on the other side of the world ABN is now listed on the Singapore exchange. In addition, the bank has opened a department for multinational accounts. "Our aim is real cash management in the U.S. way on a global scale. We are also bringing in more industry specialists for energy, aircraft financing and other sectors," a bank officer said.

Over at Amro, Mr. Oosthuizen detailed his expansion program: a full branch on Park Avenue in New York, permission for a representative office in Mexico City, a merchant bank tie-up in Australia, Amro International Ltd. in London, a majority interest in Handels- und Privatbank of Cologne, a bank that is strong where Dutch food and flower exporters are prominent.

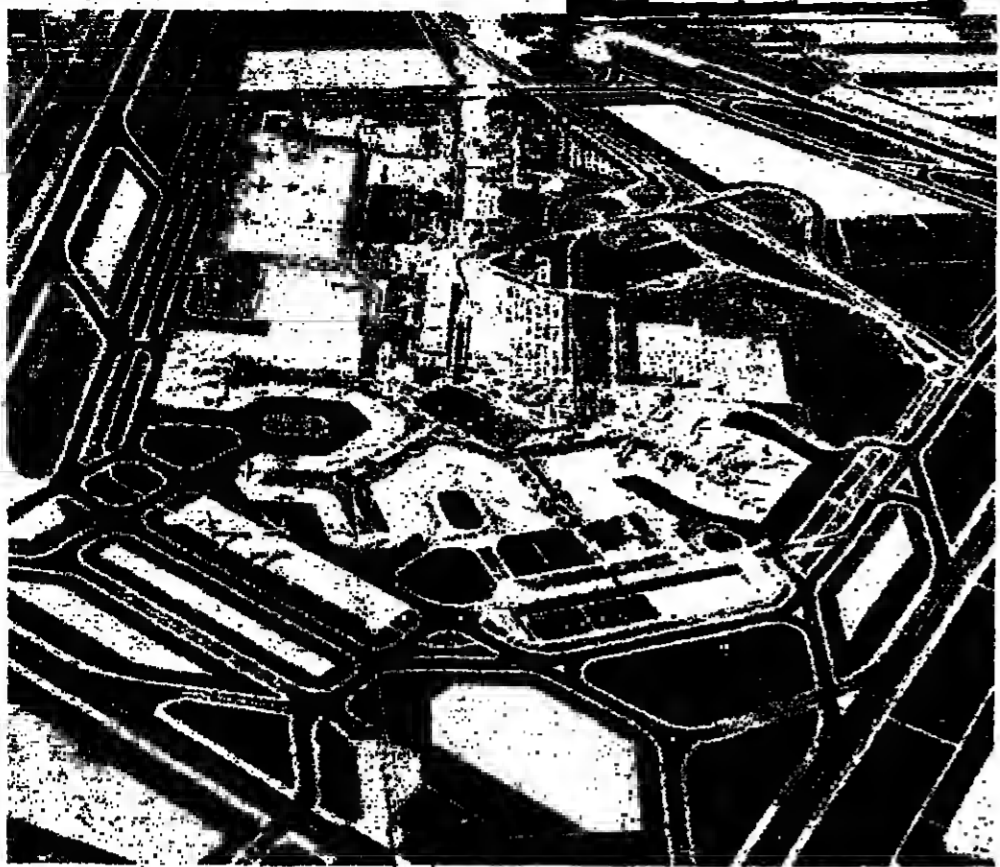
The bank is also opening in New Delhi and Colombo, Sri Lanka, setting up a new branch in Hong Kong and consolidating its Swiss banking interests. Amro also is

happy with its profit return from EBIC, the consortium of European banks with major outlets in New York and the Far East. Result: 22 percent of profits come from abroad.

Foreign banks — U.S., French, Japanese and others — now total 44 in Amsterdam and Rotterdam, and have loaned 6 billion guilders on the domestic market, according to Stephen D. Balsamo, vice president of Continental Illinois. He thinks that the long period of credit restriction hit foreign banks rather than Dutch banks. The likely reintroduction of the squeeze does not please foreign bankers, but banks like Continental and France's BNP find that Amsterdam is not too restrictive overall and that the global relationship with the Dutch multinationals is a very important one.

BNP finds its worldwide network a major advantage in dealing with the needs of Dutch corporations. There are also highly favorable tax treaties between the Netherlands and foreign countries that encourage banks to book business through Amsterdam.

BNP finds its worldwide network a major advantage in dealing with the needs of Dutch corporations. There are also highly favorable tax treaties between the Netherlands and foreign countries that encourage banks to book business through Amsterdam.



Schiphol Keeping Busy

By David Post

AMSTERDAM — The Schiphol Airport Authority has a slogan: "Save Time and Temper. Use Amsterdam Airport Schiphol." Amsterdam's international airport is a one-day-old operation that may well be the most expanded in Europe.

With about 10 million passengers and 318,000 tons of air cargo, Schiphol is Europe's fourth largest in cargo and sixth in passengers. At present, 59 scheduled airlines have services to 171 airports in 80 countries worldwide. KLM is by far Schiphol's largest user, but the airport authorities have a policy to treat all carriers equally.

Interestingly, Air UK, a feeder line from several British airports, is the second largest user of the airport in terms of landings and take-offs. For several years, Schiphol has been attempting to lure British travellers, living outside the London area, to make inter-continental and even European flights via Schiphol rather than Heathrow or Gatwick.

This campaign has paid off as now fully 25 percent of the eight million scheduled passengers (the remaining 2 million travel on charter flights) are merely changing planes at Schiphol. A high percentage of these passengers come from the Great Britain, Scandinavia, Northern Germany, France and Belgium and take long-haul flights via Schiphol.

The tax-free shops are another major drawing card. There are 42 shops with 55,000 items ranging from electronic equipment to high fashion. Liquor and tobacco are less expensive at Schiphol than any other European airport and there are true bargains in photographic and electronic equipment.

The new rail-link to Amsterdam-South and the RAI Exhibition and Congress Center, as well as to Leiden, The Hague, Rotterdam and points south, is very convenient. Connections to Amsterdam's Central Station will be ready in 1986. Schiphol's convenience is underlined by the fact that it is consistently voted practically everyone's favorite airport in surveys.



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Amsterdam Built on a Base of Tolerance

By Mark J. Kurlansky
AMSTERDAM — "I never imagined being the mayor of 14,000 Turks and 12,000 Moroccans," said Amsterdam's Burgomaster Wim Polak. He is also the mayor of Spaniards, Italians and Indonesians as well as 33,000 Surinamese that have poured in since the former colony of Dutch Guiana gained independence. Of the 717,000 inhabitants in this capital city, about 100,000 were not born in the Netherlands.



Wim Polak

Amsterdam has always had an international flavor brought about by a reputation for tolerance. It was a refuge for Portuguese and Spanish Jews, French protestants and Central European Jews. Each group has added a different dimension to the life of the city. "The city has absorbed them all without too many problems," said Mr. Polak, a member of the Labor Party, who is now in his fourth year of a six year appointed term. But he admits that there are difficult periods during the process of social change. This is one of those periods.

In hard drugs has become a major problem and the public expenditure for an extensive network of rehabilitation programs cannot keep up with it. But of late, people have started speaking of "too much tolerance." The progressive population that has given Amsterdam the reputation in the Netherlands of being a "red city," is beginning to fear that things are out of control. The Surinamese are finding it difficult to find their place in this city which has little housing or jobs for these late arrivals from a very different culture. An impoverished ghetto of crowded firetrap boarding houses has developed. The crime born of this poverty is

also testing the celebrated Amsterdam tolerance. One of the greatest aggravants of Amsterdam's social problems is the fact that the 700-year-old city, which has grown through canal digging and reclaimed sea land, is running out of space. Two so-called polders have already been filled in to form suburbs and industrial parks. Some planners have contemplated filling in the dammed off inland harbor that is called the Markerwaard. Mr. Polak said the city council no longer favors this idea since the water is valued as a recreation area.

The 80,000 dwellings that have been built in Amsterdam since the end of World War II, cannot keep up with the demand for low-income housing. The Dienst Herhuisvesting (department for housing relocation) tries to find cheap partially subsidized housing for those deemed in urgent need. They currently have 53,000 people on their waiting list.

The *knackers*, or squatters, have emerged as a major fact of local political life. Squatting in an unoccupied building is not a criminal offense. Owners must obtain an order from a civil court to remove them. If the squatters then refuse to vacate, it becomes a police problem. Although the squatters claim to have no organization, they can assemble, by telephone, a crowd of thousands of youths within hours of an attempted police eviction. The confrontations are now regular and frequently violent.

While the Burgomaster claims the squatters are losing the popular support they have enjoyed until recently, this is not the impression from observing the citizenry while the youth march by torchlight, police watching from a distance and the ominous sound of a helicopter in the dark night sky.

Focus on The Netherlands

Most squatters say they can not afford to rent an apartment and will not try until the city makes affordable apartments available. The city and the national government are engaged in a program that they hope will produce 5,400 additional dwellings by 1983. More dwellings are needed and the last of the development space is being used, leaving only the center city for added housing. Amsterdam is anxious to preserve its historic character and create housing through renewal projects. This is slow as it requires relocation during restoration and yields less units for the space. It is likely that a certain amount of demolition and reconstruction will take place.

The compactness of space that causes so many problems is an advantage for tourists who can walk to most points of interest. The city is giving priority to improving public transportation and to bicycles for which they are planning to reserve special lanes and even entire streets. According to Mr. Polak, the majority of the city council recognizes that Amsterdam will never be a good city for the automobile. Like the population, the economic life of Amsterdam has been undergoing a radical transformation. Industry has been moving out and banking and finance have been moving in. Ten years ago, there were only four foreign banks in the country. Now there are 37 of which 32 are headquartered in Amsterdam.

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The Hague Has Developed Into an International City Par Excellence

By Judith Burr
THE HAGUE — Since Queen Beatrix acceded to the throne in 1980 and renewed tradition by moving back to the city's palaces vacated during the 32-year reign of her mother, Juliana, The Hague again finds itself a royal residence, a role that comes easily to a city that for centuries has been the home of diplomats, aristocrats, courtiers and civil servants.

Although it is not the capital of the Netherlands — that role is reserved in its larger and perhaps more vigorous neighbor, Amsterdam — The Hague is the seat of national government and an international city par excellence. Government is its chief business. Approximately one-third of the work force in the greater Hague area — or 80,000 workers — is employed by the government, either on the national, provincial or local level. Added to this are 65 embassies and more than 70 international organizations located in the city, including the International Court of Justice and the Institut International des Brevets, and their respective administrative structures. The Hague ranks sixth in Europe in the number of international organizations located within its jurisdiction despite its relatively small size — it has a population of 458,000.

mark bureaus, The Hague is a serious candidate, competing against London and Strasbourg, for the establishment of the European Trade Mark Bureau.

As a result, The Hague has a high proportion of foreign residents — 10 percent — and a continual transient population of foreigners on business or on holiday. There are six international schools and numerous ethnic restaurants. The city's average income is among the highest in the Netherlands.

It also has a large Surinamese population and a sizable community of foreign workers from Southern Europe. There are about 25,000 to 30,000 Surinamese in The Hague and about 15,000 migrant workers, the majority of whom are Turks and Moroccans. They were drawn by the labor shortage and prosperous economy in the Netherlands in 1960, and for the Surinamese, the majority of whom arrived before that former Dutch colony became independent in 1975 and therefore enjoy citizen rights, by the Dutch state's generous welfare policies. Only 3,000 to 5,000 Surinamese have settled in The Hague since 1975, according to Johan L. Chandoo, the first Surinamese elected to the city council and unofficial spokesman for the city's minorities. Altogether, he said, about 180,000 Surinamese live in the Netherlands.

The Surinamese are divided into four racial groups — black, or Creole; Hindustani, or Indian; Chinese and Indonesian. Eighty percent of the Surinamese in The Hague are Hindustani, like Mr. Chandoo; the rest are either Creole or Indonesian. Amsterdam and Rotterdam, he said, have a high proportion of Creoles.

Unskilled Jobs
Since the majority of Surinamese and migrant workers have little vocational training, most work in low-paying, unskilled jobs and live in the city's poorer districts and in the surrounding towns. Mr. Chandoo said that schools and housing have not been equipped to deal with this influx. The children of non-Dutch-speaking families, he observed, are particularly handicapped in school, and he added that in some pupils in the city 80 percent of the pupils are foreign since the Dutch put their children in other schools. "It will take years and years to get a real integration of minds," he said, among Dutch, Surinamese and foreign workers, although, he added, "I have seen quite a considerable change of attitude in the past few years." He has recently proposed a kind of affirmative action program within the city administration that would reserve jobs on a proportional basis for minorities. He also believes the schools should adapt their programs to meet the requirements of minority children.

Many of the Surinamese and migrant workers live in *schiederswijk*, or the painters' district, which has become a prime target for urban renewal under the city's redevelopment program. The city grew quickly at the beginning of the century and homes were rapidly and cheaply built, according to J.W. van der Sluis of the city's public relations department, but most are now severely in need of renovation. A survey in the 1960s decided which homes built before World War I — roughly one-third of the city's housing — could be repaired and which had to be torn down. This, he said, is an ongoing process that is expected to remain a top priority until the year 2000.

Special Streets
And despite a loss of population to the suburbs in the 1960s, a trend that has leveled off, there is still a housing shortage that is not easy to remedy because the city no longer has any room for expansion. Five million people live in the Randstad Holland, the area between Amsterdam, Utrecht, Rotterdam and The Hague, and the Dutch would like to preserve green belts throughout the region for breathing space.

Living in the most densely populated country in Europe makes the Dutch particularly sensitive to these needs. The Hague city officials, in an effort to preserve quiet

residential areas, have encouraged the introduction of "woonerf," special streets where cars are allowed but where they have no more rights over any other form of traffic, whether it be pedestrian or animal.

Scheveningen beach
The apple of The Hague's face-lift is its revitalized beachfront at Scheveningen, which is being turned into an urbanized, all-year sea resort. In its heyday at the turn of the century, Scheveningen was a summer playground for Europe's aristocracy and haute bourgeoisie, but after World War II it fell into abandon.

In 1973, the city launched an ambitious redevelopment project, earmarking 700 million guilders to create a combined recreational, residential and business area. At its heart is the newly-renovated Kurhaus, a hotel built in 1885 that was reopened in 1979 and includes a concert hall and casino. Covered walks, shopping malls and indoor pools and sunbaths are aimed at attracting winter visitors while restaurants, bars and nightclubs are designed to keep it going at night, too. Apartments are being built above the shopping malls. It is estimated that the entire project, which is about half finished, will be completed in 1990. At the same time, the city has begun developing a second, much smaller seaside resort at Kijkduin.

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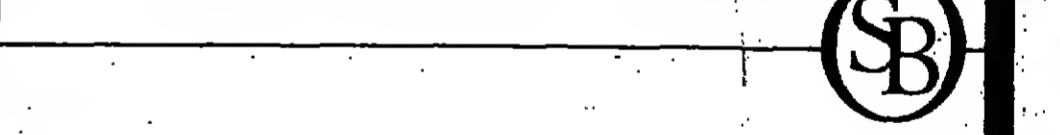
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The Difference Between Pacifism and Plain Fear

This article and the ones at right and below are interviews with prominent figures in Dutch political life. They were conducted after the fall of the Van Agt government and before the formation of the new government.

New U.S. missiles on Dutch soil as long as the Labor Party was a partner in a coalition government. This is a view shared by most Dutchmen.

NATO Session

At the latest NATO planning session in Scotland, the Dutch did not "reconfirm," as one of the minister's staff members put it, the two-track decision whereby missiles would be installed in tandem with arms control negotiations. The minister indicated that the December deadline for a Dutch decision would pass, if only "because no majority of parliament would accept missiles." Any definite decision would now come at some unspecified date.

There was agreement to disagree between the three coalition partners, the Christian Democrats, the Labor Party and the increasingly important D'66 left-of-center party. Mr. Van der Stoep said that his party stressed the zero option — no deployment of Pershing and Cruise missiles if the Soviet Union reduced to zero its 250 or so new SS-20 intermediate missiles and 300 old missiles.

After saying that a "strong majority of the population is clearly in favor of remaining in NATO," the minister discussed the reasons for the peace movement, which he said was now a West European phenomenon. "We have to understand what makes them tick. It is wrong to say it is just a Communist plot. People are afraid. There's the moral aspect, which is always an important question in Holland."



Max Van der Stoep

Mr. Van der Stoep said that governments could not cope with the problem by publishing figures of the Soviet buildup. "We have to show we have a policy to curb (rearmament). NATO should be giving clear and concrete answers to the young generation."

On that note, the minister said that successful in convincing large segments of the population that we are on the right track. I'd like to see a far clearer demonstration by NATO of what it is doing — i.e. meaningful arms control. We also think it is important to analyze the role of 6,000 nuclear warheads in Western Europe. We need a lot more thinking. Conventional weapons and technical innovation exist to decrease our dependence on nuclear weapons. I am not for unilateral disarmament, but new thinking as part of an alliance exercise. He stressed that the Netherlands' military spending will be 3.4 percent of the budget, the same as West Germany's. "We play our role considering our size."

On other points, the minister said that discussions with France were warm, and "we welcome anything that gives a new dimension to European integration... We don't feel we can create unemployment by protectionism." This was a reaffirmation of the Dutch determination to pursue an open economy. "We would welcome bringing together the regional, social and agricultural restructuring funds in order to combat unemployment on a European scale."

On South Africa, he said: "I am extremely alarmed about developments, both Namibia and apartheid."

Labor Union Leader Urges Renewal Plan

By Alan Tillier

THE HAGUE — Wim Kok, head of the Netherlands' largest trade union organization, the FNV, and president of the European Trade Unions Federation, calls himself a moderate, but he becomes excited when he says that the average Dutchman does not know what is going on in inner political circles — or at least did not know during the latest crisis in The Hague.

He is a tall, slightly stooped man who at 43 has risen to the dominant trade union position in his country, although he steadfastly remains outside government.

Mr. Kok in the interview made three points: the growing antipathy of the man in the street toward politics, the need to encourage smaller, quality industries — certainly industries much smaller than the Dutch multinationals that have dominated the economy — and the need to provide the financial means from extra natural gas to provide 1.5 billion guilders a year in supplementary funds for a three- to four-year growth program. "The extra money could also be used for energy saving programs, and in that way we could earn it back." It could also be useful if there is going to be a tough budget.

As a union leader, unemployment is his main concern, but in the Netherlands there is considerable confusion about the level of unemployment. The left says the figure is above 400,000, rising to nearly 500,000 in a year or so.

Disability Funds
Others on the right complain about an estimated 300,000 covered by more or less genuine disability funds. One prominent Dutch bank estimated the real unemployed figure at more than 1 million — which is true if you count women who would like to work.

Mr. Kok talks in terms of 400,000 to 500,000 unemployed, or 10 percent, or "European level," of the labor force. He says that it is ridiculous to talk of a figure ap-

proaching 1 million. There has been a slight growth in public sector jobs, but in the industrial sector up to 40,000 jobs have been lost annually for four to five years. He ticked off the customary reasons — high interest rates, energy and labor costs, drop in foreign markets. Wage measures imposed by the government led to a 20-percent improvement in the Netherlands' competitive position, yet exports increased only marginally, Mr. Kok said.

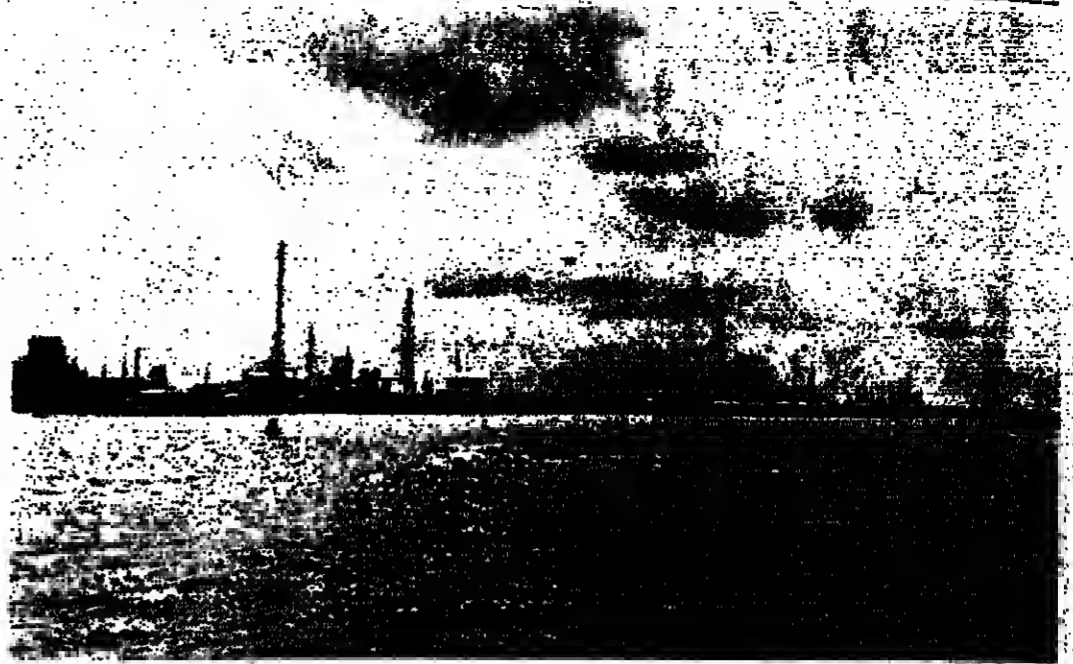
He added: "We need a program of concrete investments, a renewal of Dutch industry. We are a highly educated people with multinationals, research institutes, technical know-how in questions of the environment and alternative energy sources, the building and repair of certain types of ships, to name but one specific example."

The union leader stressed that he wanted concrete short- and long-term proposals rather than endless arguments about amounts.

He seeks specificity within the large Dutch investment subsidy program. He is concerned, naturally, with reductions in purchasing power, related indexation and inter-union squabbling. But the main thrust of his argument is that unemployment problems can only be solved by industry sectors working with the government on real jobs to be created by detailed programs.



Wim Kok



Rotterdam: Sludge is killing marine life and poisoning the soil at the mouth of the Rhine.

Spotlight Is Turned on the Rhine

By Mark J. Kurlansky

AMSTERDAM — The life source of the Netherlands, which is more than half below sea level, is the Rhine River. It is the source of 80 percent of Dutch drinking water. It feeds the soil for agriculture, flushes the seawater out of the coastal lands and canals, provides basic transportation through a network of tributaries and canals, and is a food source for man and wildlife. If someone wanted to attack the Dutch people and their economy, they could simply put poison in the Rhine.

Through negligence rather than by design, that is what is being done by the Swiss, the West Germans, the French and the Dutch themselves. On its 700-mile course through Western Europe to the North Sea, the Rhine is filled with salt, arsenic, mercury, cadmium, chlorine, DDT, PCBs, radioactive tritium, petroleum, copper, zinc and lead, to name some sample items.

Curiously, the hottest political squabble from all these deadly ingredients, some of which are thought to cause cancer, is salt. The salt comes partly from Dutch, Swiss, Belgian (the Meuse is a tributary) and West German industry. But 40 percent of it comes from French potash mines in Alsace. At enormous expense, the Dutch are still able to desalinate the water for drinking. But it is approaching a level where this will no longer be feasible. The presence of salt in the river is also having an extremely destructive effect on the commercially important flower and vegetable growers in the area called Westland.

International Meeting
Efforts by France, West Germany, the Netherlands, Switzerland and Luxembourg to remedy the salt problem have so far not succeeded. On Nov. 17, the five nations will try again at a ministerial-level meeting in Paris.

The French came to the last meeting (Jan. 26 in the Netherlands) pushing the idea of an international salt production. The other countries all rejected it because their existing salt productions were already at the level of the market. Several possibilities remain. The Dutch and Germans favor injection into deep subsoil, mainly because they share the expense and D'66, the "government" orientation without taking profits from enterprises," as he described it.

in Alsace, where it is feared that leaks could cause destruction of the fresh water supply.

The potash mines are the second most important employer in Alsace, and the political complications of this issue have gained it considerable attention. There have been numerous demonstrations, and the Amsterdam-based environmental group, Stichting Reinwater (Rhine Water Foundation), along with the Westland growers has been engaged in a lawsuit against the French mines (Mines de Potasse d'Alsace) since 1974. Last year, the Dutch drinking water companies joined Stichting Reinwater in a second suit.

Willemijn Straeter of Reinwater admits that this action was only picked as a test case because it is easy to trace the source of the salt. Other more deadly forms of pollution are difficult to trace to the sources. Reinwater and a West German environmental group have jointly purchased a laboratory boat to monitor the river's pollution and identify its sources.

Chemical Pollution
Research is beginning on the possible effect of the numerous nuclear power plants the four nations have built along the river. The plants have raised the water temperature slightly but it is not thought to be reaching a dangerous level. However, a certain amount of radioactive matter is also turning up in the Rhine.

The Rhine countries ratified in 1979 an accord on chemical pollution. They are to create black, grey and beige lists of substances and fix maximum allowable levels of dumping accordingly. To date they have only moved against mercury, a highly toxic heavy metal that has been showing signs of a reduced presence in the river.

The Dutch and West German governments have expressed satisfaction with the progress of the chemical agreement and do not even intend to discuss it at the meeting. The French Ministry of

Environment agreed with this assessment but complained about the high quantity of toxic heavy metals (mercury, cadmium and chrome) being dumped by the Netherlands and West Germany.

Environmentalists such as Miss Straeter believe that pollution entering the river at a faster rate than the governments are acting to remove it. Miss Straeter questions when the governments will have fixed levels and controls for every toxic substance (at least 200) and said that, "in the meantime, the chemical industry invents new products every week, the toxicity of which is still unknown."

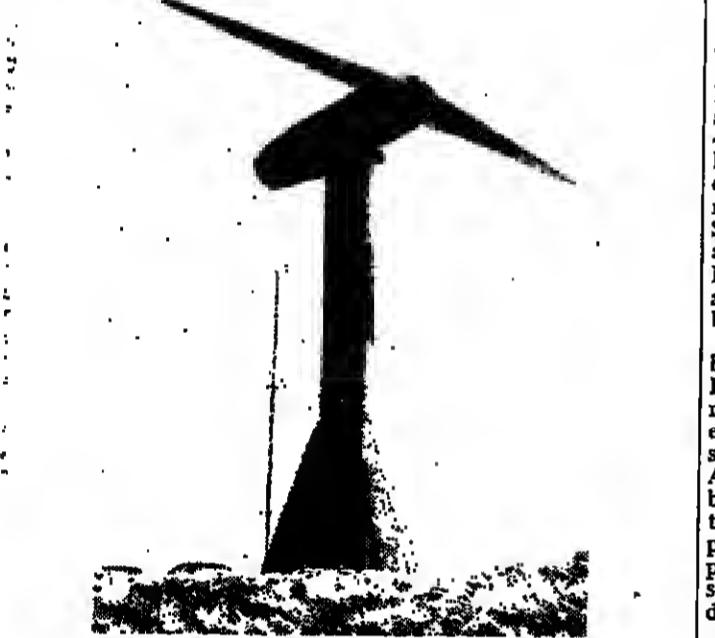
Potential Dangers
In 1976, it was found that the Rhine only averaged one organism in a square meter (the Meuse average was 100). Eels, sturgeon, shad and salmon are disappearing as are fishing birds such as the tern. A sludge made up of things such as petroleum, copper, cadmium and zinc is killing all life and poisoning the soil on the polders, particularly around the mouth at Rotterdam. Livestock is becoming diseased and the potatoes from Biesboek have a strong concentration of arsenic.

Attempts to filter the water through the dunes, environmentalists claim, are destroying the coastline. Eels from the IJssel, which runs from the Rhine to the now threatened Zuider Zee, have been banned from consumption.

When the Rhine reaches the North Sea, 40 percent to 60 percent of its substances are carried to a unique organically rich breeding ground called the Wadden Sea. The Rhine is thought to be responsible for the numerous toxic substances, including PCBs, which are suspected carcinogens, turning up in this water. These substances rise in concentration and consequently along the food chain and thus are highly visible in the Wadden Sea's seal population, which "dropped" from 1,500 seals to 400 between 1968 and 1979.

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... And Now Solutions Are Required

By Alan Tillier

THE HAGUE — Laurens Jan Brinkhorst, No. 2 man in the Democrats '66 party and a rising star of Dutch politics at the age of 44, says that left-of-center parties like his are the future. He has recently been to Britain to meet the new and so far relatively successful Social Democrats of Roy Jenkins, a friend from the days when Mr. Brinkhorst was secretary of state at the Dutch Foreign Ministry for European Affairs.

D'66, as its name implies, has been around a lot longer than the British Social Democrats, but after mixed electoral fortunes the smallest of the coalition parties now seems to have the wind in its sails. At the last poll it more than doubled its parliamentary representation from eight to 17 seats, for 10.9 percent of the vote. All the other parties lost ground but none more so than the Labor Party — 53 seats down to 44.

Noting that 60 percent of gross national product is in the collective sector, Mr. Brinkhorst said: "We have reached the limits of the welfare state and now solutions are required. The opinion polls show that the Socialists (the Labor Party) are still losing ground. People are far less class-bound. The class



Laurens Jan Brinkhorst

struggle has lost of its sense for the young."

Mr. Brinkhorst, who once worked in New York for an international law firm, added: "We are the moderate left, and our kind of party is gaining ground. We stand for the right mix of private initiative and collective needs." He mentioned the need for a new social contract, a stabilization of the Dutch collective sector, measures to improve investment, a reduction in the soaring budget deficit, the "phasing" of Socialist proposals

for a massive injection of funds to alleviate unemployment.

The D'66 party expresses nuances on the sting of the new U.S. missiles on Dutch soil, and Mr. Brinkhorst stated almost proudly: "We are the least nationalistic of the parties on security. We are pro-Europe, more international. We are looking for new solutions, not just national solutions." He seems disturbed by the swing to the left of the Dutch Socialists, and its implications for security.

Preaching pragmatism, new technology, new production, he was critical of the other Dutch parties. "None of the other parties has the answers — the Socialists want more redistribution, not production, the Liberals (the Dutch right) seek to reduce the role of government both qualitatively and quantitatively, the Christian Democrats have no cohesive policy because they remain a confessional rather than ideological party." Mr. Brinkhorst admitted that there had been no concrete proposals from the previous short-lived government, but the partners, including Mr. Brinkhorst, are back together, to seek that elusive mix — "government orientation without taking profits from enterprises," as he described it.

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GM Mounts Campaign to Dent Labor Costs

By William Serrin

New York Times Service
NEW YORK — General Motors has started an unusual campaign to convince its 499,000 employees of the "hard realities that may be required for survival" of the company...

planned, seems rare in labor-management relations.
It is most unusual, too, in campaigns such as this to enlist unions in helping to carry out the program.

The implementation kit said that because "the unions are important stakeholders in the business, every effort should be made" to "maximize union participation in the planning and implementation" of the campaign.

OECD Trims GNP Forecast For 2d Half

'82 Growth Outlook Remains Unchanged

By John Bartram

PARIS — Economic growth in the 24-nation Organization for Economic Cooperation and Development in the second half of this year will be lower than previously forecast but the outlook for 1982 growth is roughly unchanged.



Jean-Yves Haberer Treasury Chief Tipped as New Head of Paribas

PARIS — The director of the French Treasury Jean-Yves Haberer is to be appointed head of the Paribas banking group, it was learned Tuesday.

Weidenbaum Says U.S. GNP May Fall 5%

WASHINGTON — In the most pessimistic forecast so far from the Reagan administration, Murray Weidenbaum, Chairman Council of Economic Advisors, said Tuesday that real gross national product may fall by as much as 5 percent in the current quarter.

BUSINESS NEWS BRIEFS

Unilever Says North American Business Improved
LONDON — Unilever, reporting a 39-percent rise in attributable profit for the third quarter, said Tuesday that most of its European consumer product groups performed satisfactorily while operating earnings in North America were somewhat higher than in the year-earlier period.

U.S. Puts Pressure on Japan To Reduce Trade Imbalance

TOKYO — The United States has put increased pressure on Japan to rectify its highly favorable trade balance, a Foreign Ministry spokesman said Tuesday.

Energy Issues Lead Modest NYSE Rebound

NEW YORK — Strength in the energy sector helped prices on the New York Stock Exchange to close slightly higher Tuesday, but concerns about the deteriorating economy prevented any meaningful up-trend.

COMPANY REPORTS

Table with columns for Company Name, Revenue, Profit, and other financial metrics for various companies like Unilever, Tesco Stores, etc.

Office-System Competition Heats Up With New Entries

NEW YORK — Competition in the automated office-products field continued to heat up Tuesday as three more companies introduced products.

Latest Memory Chip Ignites Fierce U.S.-Japanese Battle

By Marilyn Chase
SAN FRANCISCO — Fierce U.S.-Japanese competition has developed in the computer chip market, with the latest battle being fought over the 64K RAM, a random-access memory device with a capacity of 64,000 bits of information.

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Tables include the nationwide prices up to the closing on Wall Street.

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Tables include the nationwide prices up to the closing on Wall Street.

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Options in Canadian funds. Table with columns for fund names, prices, and changes.

Toronto Stocks. Table with columns for stock symbols, prices, and changes.

Paris Commodities. Table with columns for commodity names, prices, and changes.

London Metals Market. Table with columns for metal names, prices, and changes.

Chicago Futures. Table with columns for futures contracts, prices, and changes.

New York Futures. Table with columns for futures contracts, prices, and changes.

U.S. Commodity Prices. Table with columns for commodity names, prices, and changes.

U.S. Commodity Prices (Continued). Table with columns for commodity names, prices, and changes.

Gold Options (prices in \$/oz.). Table with columns for gold prices and options.

European Options Exchange. Table with columns for option symbols, prices, and changes.

European Gold Markets. Table with columns for gold prices in various European currencies.

London Commodities. Table with columns for commodity names, prices, and changes.

International Monetary Market. Table with columns for currency exchange rates.

Canadian Indexes. Table with columns for Canadian stock indices.

Market Summary NYSE Most Actives. Table with columns for active NYSE stocks.

Market Summary NYSE Most Actives (Continued). Table with columns for active NYSE stocks.

European Options Exchange (Continued). Table with columns for option symbols, prices, and changes.

European Gold Markets (Continued). Table with columns for gold prices in various European currencies.

London Commodities (Continued). Table with columns for commodity names, prices, and changes.

International Monetary Market (Continued). Table with columns for currency exchange rates.

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ARMORED VEHICLES. Italian company specialized in armored vehicles for civil, police and military use.

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AMEX Nationwide Trading Closing Prices Nov. 17

Tables include the nationwide prices up to the closing on Wall Street.

Large table containing AMEX Nationwide Trading Closing Prices for Nov. 17, listing various stocks and their prices.

Eurocurrency Interest Rates

Nov. 17, 1981

Table of Eurocurrency Interest Rates for various currencies and terms.

Other Stock Markets

Nov. 17, 1981

(Closing prices in local currencies)

Table of Other Stock Markets showing closing prices in local currencies for various cities like Amsterdam, Brussels, Frankfurt, Hong Kong, London, Milan, Paris, Singapore, Sydney, Tokyo, and Zurich.

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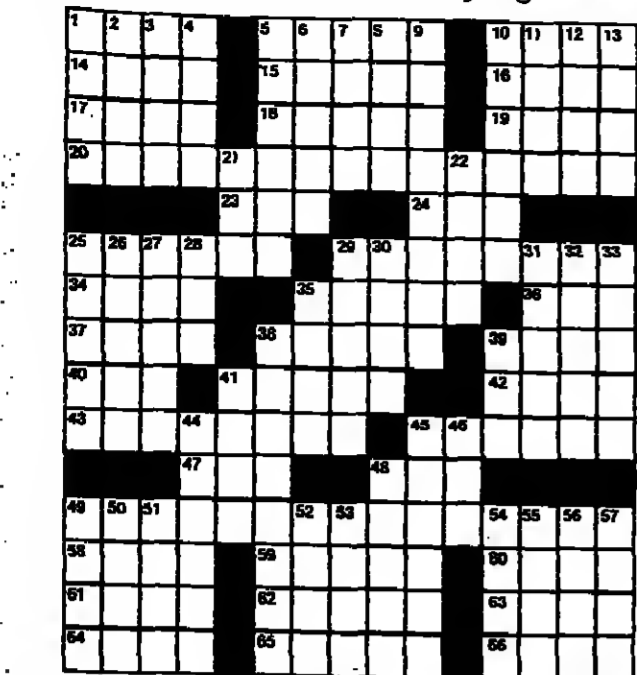
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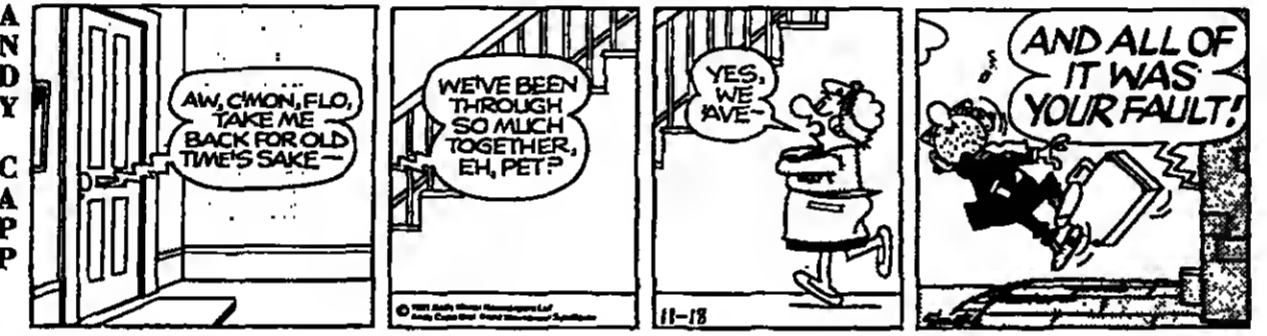
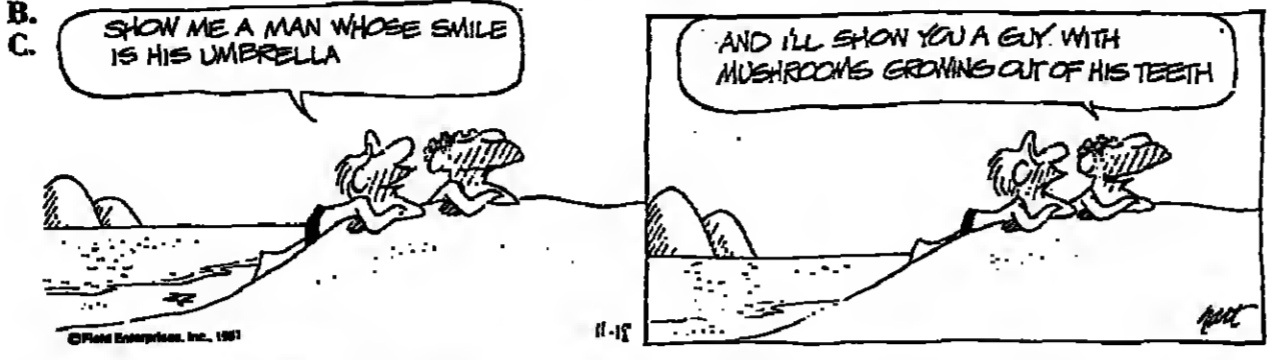
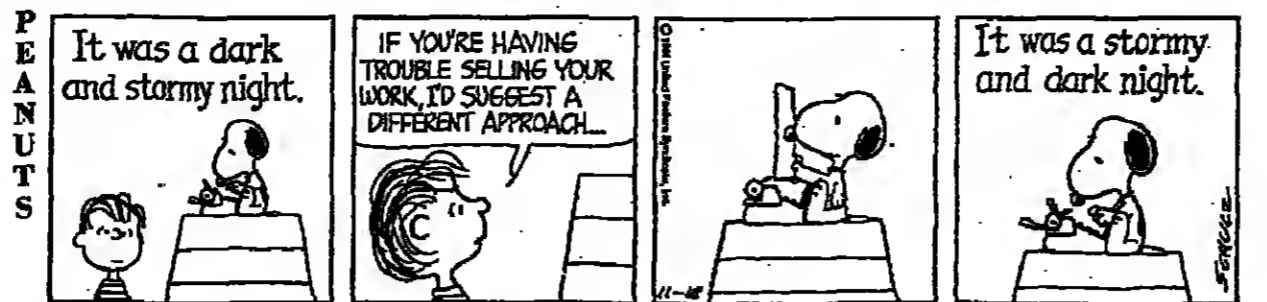
International Herald Tribune We've got news for you.

CROSSWORD

By Eugene T. Malachuk



- ACROSS
1 Tiff
3 Part of many fire escapes
10 Fine-grained mineral
14 Verdant
15 Eeyore's creator
16 Lamb's pseudonym
17 Playground, e.g.
18 "Foxy in the..." Hellman play
19 Soft breeze
20 Police-squad member
23 Mammie's man
24 Put away, in a way
25 Jazz dances
26 Con artist
28 Neophyte
35 Black Sea port, formerly Stalin
36 Ratskeller staple
37 Brass
38 Rabbits' cousins
39 Geraint's mate
40 Burns, for short
41 Chandler's "The Big..."
42 Tragicomic segment
43 Those in an upper house



JUMBLE. THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee. Unscramble these four Jumbles, one letter to each square, to form four ordinary words. DROAH, HIWSS, LENZOZ, YATGIE. Answer: ON A...

DENNIS THE MENACE. 'I'M STILL COUNTIN' SHEEP LIKE YOU SAID, BUT I FORGET WHAT COMES AFTER SEVENTEEN HUNDRED AND THIRTY-TWELVE.'

BOOKS

A BETTER CLASS OF PERSON An Autobiography

By John Osborne. 285 pp. \$13.75. E. P. Dutton, 2 Park Avenue, New York 10016.

Reviewed by John Leonard

IN "Epitaph for George Dillon," by John Osborne and Anthony Creighton, George says: "I attract hostility, I'm on heat for it." In "Inadmissible Evidence," which Osborne wrote alone and much prefers, Bill Maitland tells the audience, "I myself am more packed with spite and twitching with revenge than anyone I know of. I actually often, frequently, daily want to see people die for their errors." Bill also worries: "And then, then I have always been afraid of being found out." In "A Better Class of Person," the first volume of his autobiography, Osborne finds himself out, and will attract hostility.

He looks back, of course, in anger. In general, he is angry at England's lower middle class, of which he is the vengeful child. In particular, he reviles his mother, who is still alive. Class and mother, in this fascinating yet unpleasant book, sometimes seem to be the same mean thing, a blacking factory.

Spontaneity Osborne's mother was a barmaid, his father a copywriter for a London advertising agency. Relatives on both sides of the family were shabby-genteel, which is to say they felt, in the suburbs, that they had Come Down in the World, and nobody else would be permitted to Upstart if they could hinder it: Don't owe anything to anybody, and always have an edge.

Thus: "Spontaneity was bad breath to them." And: "Disappointment was oxygen to them." The grades were their birthright they pursued with passionate despondency to the grave. And: "Despair would be like staying up spiritually too late."

As a child, Osborne stayed up too late. His kindly, book-reading father perished of "the White Plague," tuberculosis, and so did a sister. The family, downwardly mobile, moved too often. Boys in the schoolyard called him a sissy and beat him up, as he would later punch out a headmaster. He suffered from acne, bed-wetting, rheumatic fever, friendlessness and the "black looks" of the smothering barmaid. His frog died and his grandfathers ate ce pie. "Throughout my childhood no adult ever addressed a question to me."

Even then, he was introspective: "Perhaps I already had a vague sense that courting and, what's more, achieving popularity was not a gift I possessed." And, "I may have felt already that I had talent. It was too vexing rather than to entertain." Learning early on to smoke out "prigs, hedgers, and dissemblers," he multiplied the number of people he found it "impossible to love" — gardeners and golfers, "loud-mouthed actors and lounging fairies," smokers of pipes and readers of The Daily Telegraph, shop assistants and ex-waitresses with "hernias and arthritic hips and strokes."

But one compares with his mother, portrayed as a monster of malice. He quotes at length from her letters to him, and each quotation is an occasion for ridicule. She isn't even allowed to vacuum the carpet: "Handing over the Hoover to my mother was like distributing highly sophisticated nuclear weapons to an underdeveloped African nation: (He seems not to care much for Africans, either.)"

Black-Market Goodies Here, according to Osborne, is "the funniest, most enjoyable sight I had ever seen": his terrified mother, "beaten at the knees like a crazed gymnast," her knickers below her knees "in a collapsed silky bag," her bottom "frozen to the lavatory seat." She had

gone to the bathroom during the blitz and had been bombed on.

I don't know the lady, but we are talking about years of depression and World War, during which she managed to put food on his plate and bring back black-market goodies. She is, after all, the same mother who loaned him the money for his first typewriter and his first engagement ring. She kept him going when the dole wouldn't. In exchange, he had to take her to the cinema on Mondays. He concludes: "I am ashamed of him as part of myself that can't be cast out, my own conflict, the disease which I suffer and have inherited, which I am and never could be whole. My disease, an invitation to my sickroom." Wow. No wonder the woman in his plays are unbelievable.

By this time, a piano has been set on fire and a marriage has fallen apart. We have followed Osborne to the hospital, to a dreadful public school, to Fleet Street where he is an "ace reporter" for the trade journal Gas World, to the provinces with a fourth-rate theater income, to Brighton where he lolls away a year with the bountiful Stella. If Stella's social largesse deserves more gratitude than he can muster, well, he is hard on all his benefactors. He is, in fact, hard on everybody, including himself.

Osborne is not a crybaby. Like Jimmy Porter in "Look Back in Anger" — about to open as this book closes — he jeers at himself as well as the world. Porter, however, had some important things to say about politics and culture. Osborne, looking back, would prefer to forget that he ever tried to be a braiding virtuoso of Evelyn Waugh. He complains of Jews, homosexuals, Australians, and "body odor." "Nothing is noisier," he says, "than a Philistine in pain."

Yes. But how many times can you alarm the bourgeoisie? Maybe one more time. The wastrel who who liberated English theater, at age 25, will now liberate himself, at age 52, if he feels rotten, and he certainly does, then mother is to blame.

John Leonard is on the staff of the New York Times.

Best Sellers

- THE LAST DAYS OF AMERICA, by Paul Erdman
THE BROTHERS KARAMAZOV, by Fyodor Dostoevsky
THE GODFATHER PART II, by Mario Puzo
THE WINDS OF WAR, by James M. Cannon
THE BROTHERS KARAMAZOV, by Fyodor Dostoevsky
THE GODFATHER PART II, by Mario Puzo
THE WINDS OF WAR, by James M. Cannon

WEATHER

Table with columns for location, high, low, and weather conditions. Locations include ALABAMA, ALGERIA, AMSTERDAM, ANKARA, ATHENS, AUCKLAND, BANGOR, BEIRUT, BELGRADE, BERLIN, BOSTON, BRUSSELS, BUCHAREST, BUDAPEST, BUENOS AIRES, CAIRO, CALIFORNIA, CHICAGO, COPENHAGEN, COSTA DEL SOL, DAMASCUS, DUBLIN, EDINBURGH, FLORENCE, FRANKFURT, GENEVA, HELSINKI, HONG KONG, HUSTON, ISTANBUL, JERUSALEM, LAS PALMAS, LIMA, LISBON, LONDON, LOS ANGELES.

ADVERTISEMENT INTERNATIONAL FUNDS

Table listing various international funds and their values. Funds include ALLIANCE INVESTORS, BANK OF AMERICA, CAPITAL INTERNATIONAL, CREDIT SUISSE, DIT INVESTMENT FRANKFURT, FIDELITY FUND, JARDINE FLEMING, LLOYDS BANK INT., PARISBAS GROUP, SWISS BANK CORP.

Solution to Previous Puzzle. A grid with letters and numbers. Solution: MARI, SLY, GAOB, STAR, PIETA, AURA, IREO, ATLAS, ATAG, NICOLA, ILLINOIS, ALBERTS, WAGES, MAXI, BIER, PRE, THE, FORWARD, LUTION, SHE, PANI, ETUT, ASSET, KOALA, SLOAP, AMERICA, CITY, LOLL, GRAIN, EWER, EPIEE, OIST, BAIK.

BRIDGE

A RATHER unusual defensive play was needed on the disgraced deal but West did not rise to the occasion. North-South had borderline game values, and many pairs were content to rest in a part score. Those who tried three no-trump were rewarded, for there was no way for the defense to take more than four tricks. If the bidding began one club — one heart — one spade, as it usually did, North had an awkward rebid. One no-trump was possible, and so was two no-trump if that was not forcing. At one table, as shown, North tried a raise to two spades, which was not unreasonable. This second-round raise normally shows four-card support, and it induced South to take a rather wild plunge into four spades. Three hearts, showing three-card support, would have been a better move. In four spades the declarer needs a small miracle in the trump suit: a three-three split with the ace well placed. The miracle was available, but even so he could have been defeated. West hit on the best lead for the defense — the diamond jack — and South won with the ace. A trump was led to the king and the ten was led. The jack won in the East hand, and a heart was led to the ace. He played his remaining diamond, forcing South to ruff, but the defense was helpless: when the declarer led his last trump.

BRIDGE. By Alan Truscott. NORTH (D) AK107, Q862, OQ854, A. WEST A53, O A864, O J8, A10975. EAST O J9, O 77, O K10753, A832. SOUTH 8642, O J109, O A, A KQJ6. Neither side was vulnerable. The bidding: North East South West 10 Pass Pass 10 Pass 10 Pass 20 Pass 40 Pass Pass Pass. West led the diamond jack.

Vertical text on the right edge of the page, including 'penello:' and other illegible characters.

Arguello: Rootless Champion

By George Vecsey
TUCSON, Ariz. — The police officers arrived while Alexis Arguello was in the ring cooling off. The world lightweight champion was wearing the striped robe that made him look like a hooded Bedouin...

After he stopped him in the 14th round, Arguello consoled Mancini in almost perfect English as a live TV mike picked up the spontaneous words: "I love your father, Arguello said, hugging the loser. 'It's the beautiful thing you have, like I have my father. You are going to be a good promise... If there is anything I can do for you, let me know.'"

Arguello could understand Mancini's loyalty to a father, because it was that same loyalty that first sent Arguello into the ring when he was a pretty good fighter in the streets of Managua.



Alexis Arguello on the attack against Bobby Chacon in a 1978 super-featherweight match.

have nothing left." The dark eyes still light up at the memory of his first \$25 prize. "I told them: 'Where do I go? How do I sign up? Who did I fight?'"

Before long, Arguello was helping to support his parents and seven brothers and sisters. "This is why I do not like what happened to me in Nicaragua," he says. "I had to go to help my family. I earned my money with my blood."

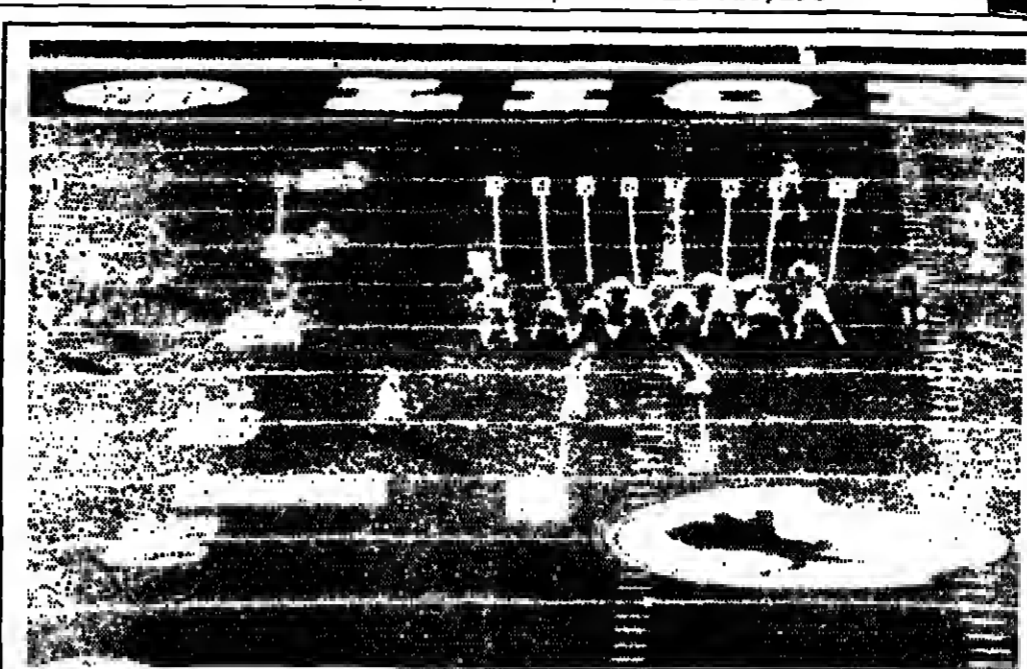
He acknowledges that he had help from Eduardo Roman, a doctor of law, an economist and teacher who wanted to be Arguello's patron — his sponsor. "I will never forget this as long as I live," Arguello says. "The first thing Dr. Roman gave me was not a contract to be my manager — we still have no contract — but it was a book about the second World War because he knew I always wanted to read."

"After that, I fought for Dr. Roman. Even now, I fight to see the happy look on his face when I win." According to Manuel Cordero, a press official with the Nicaraguan Embassy in Washington, Arguello had help from "a well-known uncle of Gen. Anastasio Somoza Debayle, named Luis Manuel Dcbayle, who was in charge of the electrical power company."

Responding, Arguello said Saturday: "The Somoza government used me. They held parades because I was the top sports hero of my country, but I never got a penny from them. The most they ever gave me was a medal. I only met Somoza twice. It was not as if we were having dinner together. "Of course I trained in the barracks. It was the only gymnasium for boxing in my country. Until I had one built. But I was not part of the National Guard."

Cordero says of the Arguello house: "Usually when we expropriate a house from someone, we turn it into a health clinic for the poor." Arguello says friends of his who recently left Nicaragua told him: "There is a Russian living in your house. It is not a clinic."

Not Quite a Clinic



A print from a Dallas Cowboy film shows that Detroit had a 12th man on the field as the Lions' Eddie Murray kicked a last-second field goal Sunday. The ball was at Dallas 30; with time expiring and no timeouts left, Lion quarterback Eric Hipple hurriedly waved the offensive unit off the field. In the confusion, only regular Lion center Amos Fowler had an inkling something was amiss — because the center on kicks, Tom Turner, shouldered him over one position. Officials did not detect the infraction and there were no immediate Dallas complaints. NFL Commissioner Pete Rozelle said the result would stand: Lions 27, Cowboys 24.

Wimbledon Shows Smashing Profit

The Associated Press
WIMBLEDON, England — This year's Wimbledon tennis championships made a record surplus of £1,086,952 — almost \$3 million — to help develop the game in Britain.

Sir Brian Burnett, chairman of the All-England Club which runs Wimbledon, announced the profits Monday and said all the money is being handed over to the British Lawn Tennis Association.

The 1981 profits from Wimbledon more than doubled the previous best — £420,810, or about \$760,000. Burnett said that one reason for the increased revenue was the enlargement of Centre Court by more than 1,000 seats.

Jim Cochrane, chairman of the British LTA, said the extra money from Wimbledon had come at the right time. "We have lost the sponsor of our schools training program," Cochrane said. "This money will be used partly to keep that scheme going."

12-day tournament — Monday to Saturday over two weeks. In 1982 an extra day will be added. Discussing the tournament's huge profits, Burnett said the club will continue its policy of doing without sponsors. It is one of the few major tennis events in the world that has no commercial backing.

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training is tax-free. If we spend it on installations, it is taxed. All standing-room tickets for Wimbledon's semifinals and finals will be sold in advance for the 1982 tournament. "Local residents objected" to the sidewalk crowds, said Burnett. "It was not so much the fact that people had beds by the side of the road. But they didn't like the fans getting up early in the morning and making a lot of noise and waking everyone up."

McEnroe Fined, Suspended
LONDON (AP) — John McEnroe has been fined \$700 for actions during Sunday's finals of a Grand Prix tournament here against Jimmy Connors. McEnroe was disciplined twice during play — for smashing a ball into the net after a point and for breaking a microphone with his racket.

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NFL Standings table with columns for American Conference and Western Division, listing teams like Miami, N.Y. Jets, Buffalo, etc.

NFL Standings table with columns for National Conference and Eastern Division, listing teams like Philadelphia, Dallas, New York Giants, etc.

NFL Standings table with columns for National Conference and Central Division, listing teams like Minnesota, Detroit, Tampa Bay, etc.

NFL Standings table with columns for Western Division and Monday's Results, listing teams like Dallas, San Diego, etc.

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Cup Aspirants Nearing White-Knuckles Time

By Rob Hughes
International Herald Tribune
LONDON — Comes the hour of truth. In London and Paris and Belfast and the Georgian capital of Tbilisi, most of Europe's few remaining World Cup finals places will be decided Wednesday. After that, there will be no reprieve.

Players' nerves are being stretched by nationalistic fervor of epidemic proportions. In such circumstances strong men will break. Men who have earned their every penny and their every ounce of respect on the field will have 90 minutes to justify themselves, 90 minutes which could damn them for the rest of their days.

You think I exaggerate? Then you should have been close to an England player this week. All the English need is a draw at home against Hungary. Just one point. But the apparent modesty of the task — and the fact that everything, including the abandonment of a week's first-division games, is being done to help them — may exacerbate the fears.

Those fears are being rammed down the players' throats as manager Ron Greenwood tries to keep them in exclusive privacy. Over and over, television replays show the England side that failed to beat Poland and was eliminated from the World Cup at Wembley in 1974.

Worse, the media focuses on November 1957, when Hungary exploded the invincibility of England at Wembley, the magical Magyars tearing the English apart and winning 6-3.

True, the current Hungarians are not of that class. They have three erratic players bordering on genius — Tibor Nyilasi, Andras Torocsak and Lazo Kiss — and a veteran but still star goalscorer in Lazo Fazekas. But they also have an unreliable defense, as England demonstrated in Budapest last June, when two superb goals from Trevor Brooking and a penalty from Kevin Keegan defeated Hungary, 3-1.

But as Fazekas has been swift to point out, the Hungarians carried the pressures then. It desperately needed to win — its people expected it. The pressure on the nerves was too great. Now, says the Hungarian captain, the coin is reversed. It is England's turn.

England seeks a psychological boost in fielding the same team but gambles by exhuming the virtually pensioned-off experience of Dave Watson at center-back. At his best solid, dependable and competitive, Watson now is 35 and suffering the accumulation of playing through too many injuries.

He has not only been dropped Southampton for a month, but was not even second choice in a defeat that began conceding four goals a game.

So parlous is the English defense, so lacking in confidence after falling to win at Wembley for 12 months, that Watson and others who have failed against the likes of Norway and Switzerland are given a final opportunity to resurrect a World Cup chance seemed long ago.

But if playing at home before a 92,000 crowd paying £700,000 has its problems, imagine the task Wales faces. Like England, the small principality seeks a single victory to win it in the Soviet Union, where not only is the opponent among the world's strongest, but the journey gets more daunting by the minute.

I am preparing to take that journey with the Welsh team. Its administrators had been all too trusting when the Russians seemed to sanction a direct charter flight to Tbilisi but then, at short notice, re-ordered them via Riga (for a fuel stop) and Moscow (for the interminable customs procedures and a change of plane).

If all goes well, we shall have reached Tbilisi in 8 hours, but the tribulations of West Ham United and Greece, teams that arrived knackered after respective trips of 25 and 36 hours, loom menacingly. Is this big bear cross with little Wales? Maybe, because back in May the Soviet team morosely declined all hospitality after it fell Wales had tried in pull a fast one by refusing the players permission to train on the pitch at Wrexham. The field, said the Welsh, could not have stood up to both training and the match.

So Russian festers, although the Russians doubtless understand that the more adverse the situation, the more apt Wales is to draw on its true strength as a fighting team. Wales plays best when it is cast as David to another's Goliath.

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No Need
I hope, for the game's sake, that suspicion dissipates, for I remain a great admirer of the Soviet team. In quality and technique it can outplay Wales and nearly any other side on earth. It simply doesn't need to cheat by using the opposition before play begins.

A team that ought to be tired indeed by late Wednesday is Israel. It visits Belfast on a euphoric wave, having drowned Portugal, 4-1, in Tel Aviv.

But Northern Ireland is on the threshold of qualifying for its first World Cup in 25 years. It will hit the inexperienced Israelis with the ultimate in committed aggressiveness. Any, although flair and creativity make it a premium, who would deny Ulster, torn by sectarian killings, the hope embodied in a soccer team representing in almost equal numbers both sides of a religious divide? Sport's contribution is small but dear to the people of that nation.

Across the border, in the Irish Republic, there is nothing soccer folk can do except wait and hope, and maybe offer a little prayer, that France and Holland draw in Paris. That would give Ireland a tie-breaker against the Dutch. But if Holland wins it will qualify and if France wins it would almost certainly go through in December against the weak Cypriots.

Any result is possible in Paris. The thoroughly unpredictable French are made more so by perpetual team changes. But Michel Platini is suddenly back in goal-scoring form; he is likely to be surrounded by Saint-Etienne teammates and maybe the Gallic brilliance will flow.

If not, the Dutch, who delve further and further back into the past to lean on the old shoulders of Rund Krol, Arnie Muijen and Johan Neeskens, may in the end outlast them.

Whoever's nerves hold firm on Wednesday will join qualifiers Argentina, Brazil, Chile, Peru, Spain, West Germany, Belgium, Hungary, Italy, Scotland, Poland and Algeria. Near-certainties are Yugoslavia and Austria.

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Observer

The Eyeball Gambit

By Russell Baker
NEW YORK — I know I ought to be rooting for Viktor Korchnoi to beat Anatoly Karpov, but I'm not. I don't care which one wins, even if they are playing for the chess championship of the world.

Russians better, if I understood chess. I read a novel by Leonid Andreyev once about some Russian waiting to be hanged, and one of the condemned passed the time by playing chess in his head.

A Lab for U.S. Educational Strategy

By Charles R. Babcock
NEW YORK — Eleven years ago, in response to a 1969 demonstration in which black and Puerto Rican students scaled off part of the campus and renamed it the University of Harlem, the City University of New York started the academic world with an open-admissions policy.

called it "madness," and labeled its advocates "superstitious sophisticates." Within a few years, CUNY enrollment shot from 170,000 to 250,000, the largest in the nation.

excuse to tighten standards, impose proficiency tests and charge tuition. Suddenly, applicants had to be in the top third of their high school class and the 80 average was enforced as a real minimum.



Tenor Luciano Pavarotti takes time out from his triumphal role in "Aida" to lob a few shots across the net during the fourth annual Pavarotti Pro-Am Tennis Tournament in San Francisco.

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